

# 2025 Measure M2 Finance Directors' Workshop

August 28, 2025



# 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
- Local Agency Reviews
- 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 No.	MOE	Developer / Impact Fees <sup>1</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction & Right-of-Way															
New Street Construction	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street Reconstruction	3a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street Reconstruction - Pavement	3b	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Signals, Safety Devices, & Street Lights	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pedestrian Ways & Bikepaths	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Drains	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Damage	7a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Damage - Pavement	7b	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Construction <sup>1</sup> (Sum Lines 2 to 7b)	8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Right of Way Acquisition	9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Construction & Right-of-Way (Sum Lines 8 & 9)	10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance															
Patching	11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overlay & Sealing	12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street Lights & Traffic Signals	13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Damage	14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Street Purpose Maintenance	15a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Street Purpose Maintenance - Pavement	15b	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Maintenance <sup>2</sup> (Sum Lines 11 to 15b)	16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GRAND TOTALS (Sum Lines 1, 10, 16, 17)	18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance Director Confirmation	19	<p>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".</p> <p>I have reviewed and am aware of these guidelines and their applicability in calculating and reporting on Maintenance of Effort expenditures.</p> <p>Finance Director initial: _____</p>													

## Common Reporting Issues

- MOE expenditures = MOE requirement
- Other expenditures not footnoted

## Schedule 4: Local Fair Share Project List

City/County of \_\_\_\_\_

#### Schedule 4

**M2 Expenditure Report**  
**Fiscal Year Ended June 30, 20\_\_**  
**Local Fair Share Project List**

[illegible]



# 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

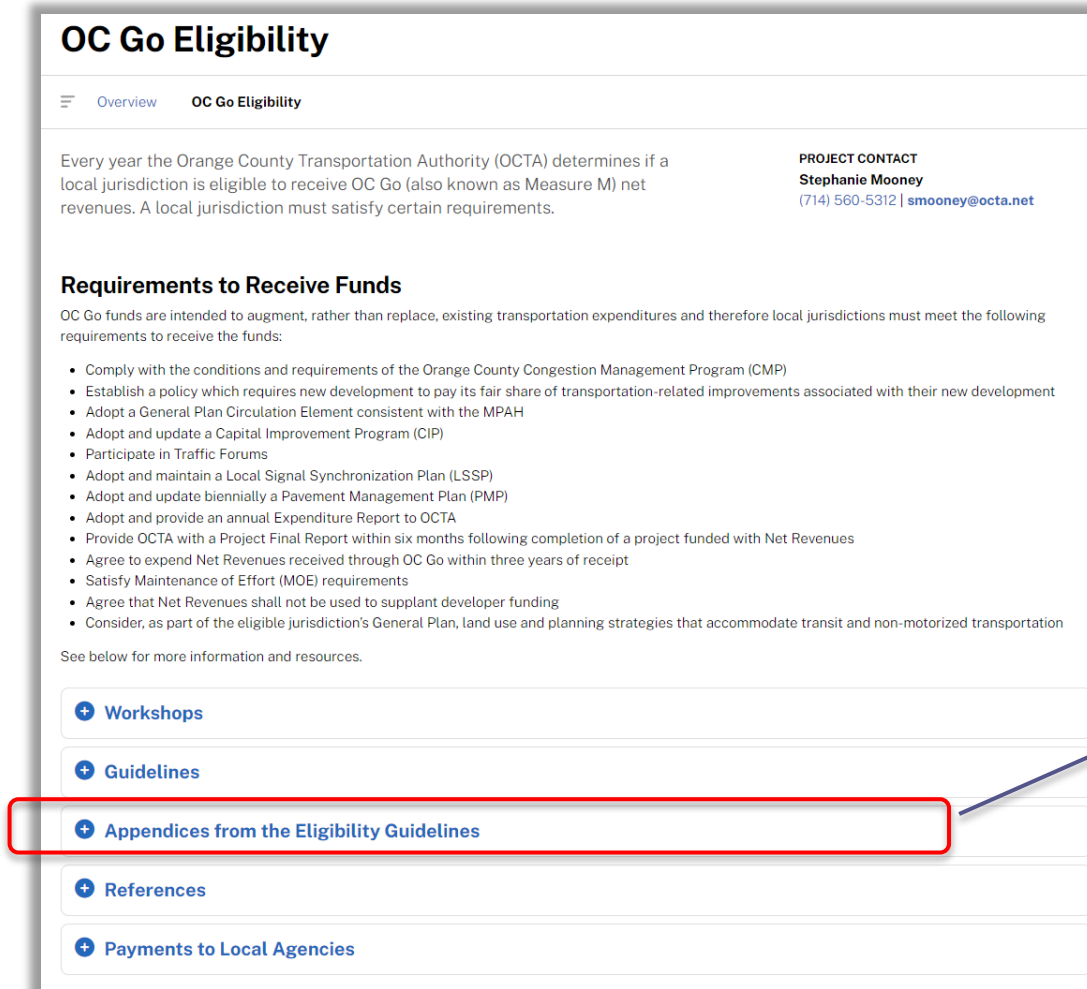
Section Manager, Measure M2 Local Programs

# Review and Submittal Process

- Submit ***draft*** M2 Expenditure Report to Stephanie Mooney ([smooney@octa.net](mailto:smooney@octa.net)) prior to finalizing staff report for Board of Supervisors/City Council approval
- Submit ***adopted*** M2 Expenditure Report and Resolution to Stephanie by **December 31, 2025**
- Expenditure Reports are **self-certified by the local agency**. OCTA's cursory review is to check for consistency with M2 disbursements
- Local agencies are responsible for accuracy of reporting and 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 (also known as Measure M) net revenues. A local jurisdiction must satisfy certain requirements.

**PROJECT CONTACT**  
Stephanie Mooney  
(714) 560-5312 | [smooney@octa.net](mailto:smooney@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
- Adopt a General Plan Circulation Element consistent with the MPAH
- Adopt and update a Capital Improvement Program (CIP)
- Participate in Traffic Forums
- Adopt and maintain a Local Signal Synchronization Plan (LSSP)
- Adopt and update biennially a Pavement Management Plan (PMP)
- Adopt and provide an annual Expenditure Report to OCTA
- Provide OCTA with a Project Final Report within six months following completion of a project funded with Net Revenues
- Agree to expend Net Revenues received through OC Go within three years of receipt
- Satisfy Maintenance of Effort (MOE) requirements
- 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)

Stephanie Mooney  
Senior Transportation Funding Analyst  
(714) 560-5312  
[smooney@octa.net](mailto:smooney@octa.net)



# M2 Timely Use of Formula Funds

Charvalen Alacar

Section Manager, Measure M2 Local Programs

# Measure M2 Ordinance No. 3

## Time Limits for Use of Net Revenues



*Section III.A.10.b.*

*“Agree that [M2] Net Revenues...shall be **expended...within three years** of receipt.”*

*“The Authority may grant an **extension** to the three-year limit, but extensions shall not be granted beyond a **total of five years**...”*

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

ORDINANCE NO. 3

JULY 24, 2006

AMENDED:

November 9, 2012  
November 25, 2013  
December 14, 2015 (corrected March 14, 2016)  
June 22, 2020  
May 24, 2021

Orange County Local Transportation Authority  
550 South Main Street  
P.O. Box 14184  
Orange, CA 92863-1584  
Tel: (714) 560-6282

# Date of Disbursement

## When does the clock start?

PO NO	INVOICE NO	INVOICE AMOUNT	TAX	CHECK DATE	SET/BATCH	DESCRIPTION
	SEPT2024SMP	12,733.65	0.00	09/19/2024		M2 SMP AP

VENDOR NO V	CHECK NO [REDACTED]	CHECK DATE 09/19/2024	CHECK AMOUNT 12,733.65
Ck Status: Cashed	As of: 09/25/2024		

<b>OCTA</b> 550 S MAIN ST. ORANGE, CA 92868	Check NO: 00825024 CHECK DATE 09/19/2024
---	---

<b>PAY</b> TO THE ORDER OF	[REDACTED] [REDACTED] [REDACTED]
--	--

<b>PAY THIS AMOUNT</b> 12,733.65
-------------------------------------

**COPY**

CHECK DATE  
09/19/2024



# Expenditure Deadline

PO NO	INVOICE NO	INVOICE AMOUNT	TAX	CHECK DATE	SET/BATCH	DESCRIPTION
	SEPT2024SMP	12,733.65	0.00	09/19/2024		M2 SMP AP

VENDOR NO V [REDACTED]	CHECK NO [REDACTED]	CHECK DATE 09/19/2024	CHECK AMOUNT 12,733.65
---------------------------	------------------------	--------------------------	---------------------------

Ck Status: Cashed      As of: 09/25/2024

**OCTA**  
550 S MAIN ST.  
ORANGE, CA 92868

Check NO: 00825024  
CHECK DATE: 09/19/2024

**PAY THIS AMOUNT**  
12,733.65

**COPY**

PAY [REDACTED]  
TO THE ORDER OF [REDACTED]

## Actual Deadline

- 36 months or 3 years from **Check Date**

Check Date: 9/19/2024  
Expenditure Deadline: 9/19/2027

# Tracking Deadline

PO NO	INVOICE NO	INVOICE AMOUNT	TAX	CHECK DATE	SET/BATCH	DESCRIPTION
	SEPT2024SMP	12,733.65	0.00	09/19/2024		M2 SMP AP

VENDOR NO V [REDACTED]	CHECK NO [REDACTED]	CHECK DATE 09/19/2024	CHECK AMOUNT 12,733.65
---------------------------	------------------------	--------------------------	---------------------------

Ck Status: Cashed      As of: 09/25/2024

**OCTA**  
550 S MAIN ST.  
ORANGE, CA 92868

Check NO: 00825024  
CHECK DATE: 09/19/2024

**PAY THIS AMOUNT**  
12,733.65

**PAY** [REDACTED]  
TO THE ORDER OF [REDACTED]

**COPY**

## Fiscal Year Basis for Tracking Purposes

- 3 fiscal years total
- FY check was issued counts as 1st FY

FY of Check Date: FY 2025  
Tracking Deadline: 6/30/2027

- 1st FY: 2025
- 2nd FY: 2026
- 3rd FY: 2027

FY = Fiscal Year

# Extension Requests

## Up to 2 Years

- Processed through March semi-annual review
- Submit requests to Stephanie Mooney

### With 2-Year Extension -

- Exp Deadline: 9/19/2029
- Tracking Deadline: 6/30/2029

PO NO	INVOICE NO	INVOICE AMOUNT	TAX	CHECK DATE	SET/BATCH	DESCRIPTION
	SEPT2024SMP	12,733.65	0.00	09/19/2024		M2 SMP AP

VENDOR NO V [REDACTED]	CHECK NO [REDACTED]	CHECK DATE 09/19/2024	CHECK AMOUNT 12,733.65
---------------------------	------------------------	--------------------------	---------------------------

←

Ck Status: Cashed      As of: 09/25/2024

**OCTA**  
550 S MAIN ST.  
ORANGE, CA 92868

Check NO: 00825024  
CHECK DATE: 09/19/2024 →

**PAY THIS AMOUNT**  
12,733.65

**PAY** [REDACTED]  
TO THE [REDACTED]  
ORDER OF [REDACTED]

**COPY**

# Deadlines Summary

Check Date: 9/19/2024  
Expenditure Deadline: 9/19/2027

## **Expenditure Deadline** (Local Agencies)

3 calendar years  
*from date of  
disbursement*

FY of Check Date: FY 2024-25  
Tracking Deadline: 6/30/2027  
• FY25, FY26, FY27

## **Tracking Process** (OCTA)

3 fiscal years  
*FY of disbursement  
counts as the first  
fiscal year*

Original Tracking Deadline: FY27  
2-year Extension -  
• New Exp Deadline: 9/19/2029  
• New Tracking Deadline: 6/30/2029



## **Extension Requests** (Semi-Annual Review)

Up to 2 years  
***Submit Requests:***  
***Semi-Annual Review***  
***in March***

# Semi-Annual Review

- Review **Fact Sheets** (Attachment C) for LFS and SMP expenditure deadline and extension processes information
- Verify **timely use status** of LFS and SMP funds
  - By Finance Director or equivalent
- Required only during **March** cycles

ATTACHMENT C

**Local Fair Share Funds Fact Sheet**  
 March 2025 Semi-Annual Review

**LOCAL FAIR SHARE FUNDS (LFS) INFORMATION**

<b>Expenditure Deadline Requirement:</b>	Local agencies are required to expend LFS funds within 36 months from the disbursement date. For review purposes, the Orange County Transportation Authority (OCTA) tracks expenditures based on the fiscal year <sup>1</sup> (FY) of receipt plus two additional FYs. For example, March 2023 disbursements are FY 2022-23 funds and should be expended by the end of FY 2024-25 (June 30, 2025). This tracking method aligns with M2 Eligibility expenditure reports, 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, the agency would have to provide documentation of the LFS disbursement date in order for that date to be used for the deadline.
<b>Expenditure Deadline Verification Process:</b>	Agencies are 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><u>This form must be submitted whether or not an extension is required.</u></b>
<b>Expiring LFS 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>	Stephanie Mooney
<b>Email Address:</b>	<a href="mailto:smooney@octa.net">smooney@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, original disbursement date(s), the requested extension time frame, and should be addressed to: Charvalen Alacar Section Manager, Measure M2 Local Programs 600 S. Main Street

# Timely Use Verification

- ☐ No extension needed
- ☐ Funds extension requested
  - ✓ Service Plan (for SMP)
  - ✓ Financial Plan (for LFS)
  - ✓ Disbursement Date(s)
  - ✓ Extension Time Frame
- ☐ Return funds to OCTA
  - ✓ Amount to Return, per disbursement
  - ✓ Interest Earned
  - ✓ Return of M2 Formula Funds Form

ATTACHMENT D

**Timely Use of Funds Verification Form**  
 March 2025 Semi-Annual Review

**Local Agency:** \_\_\_\_\_

I understand that Local Fair Share (LFS) and Senior Mobility Program (SMP) funds must be expended in a timely manner. I have reviewed the local agency's LFS and SMP expenditures and I am:

LFS	Please select ONE option
<input type="checkbox"/>	Confirming that the local agency has expended the funds that are subject to expiration. No extension is required at this time for LFS funds.
<input type="checkbox"/>	Requesting an extension for the LFS funds subject to expiration. The local agency will provide a justification letter that will include a financial plan with a list of projects, LFS disbursement date(s), and requested extension time frame.
<input type="checkbox"/>	Confirming that the local agency has expired funds that must be returned to OCTA, including interest earned and related revenues. The local agency will provide the LFS amount for return, per disbursement.

SMP	Please select ONE option
<input type="checkbox"/>	Confirming that the local agency has expended the funds that are subject to expiration. No extension is required at this time for SMP funds.
<input type="checkbox"/>	Requesting an extension for the SMP funds subject to expiration. The local agency will provide a justification letter that will include a service plan, SMP disbursement date(s), and requested extension time frame.
<input type="checkbox"/>	Confirming that the local agency has expired funds that must be returned to OCTA, including interest earned and related revenues. The local agency will provide the SMP amount for return, per disbursement.
<input type="checkbox"/>	N/A. Local agency does not participate in the SMP.

\_\_\_\_\_  
Finance Director Name (Printed)
\_\_\_\_\_  
Finance Director Signature
\_\_\_\_\_  
Date

Orange County Transportation Authority  
 550 South Main Street / P.O. Box 14184 / Orange / California 92863-1584 / (714) 560-OCTA (6282)

# M2 Eligibility Website

**[www.octa.net/OCGoEligibility](http://www.octa.net/OCGoEligibility)**

- Projected SMP Funding Allocations (5 years)
- Projected LFS Funding Allocations (5 years)
- Other M2 Workshop Presentations
- Payments to Local Agencies (formerly M2 Report)

# Questions?

## Contact Information

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

Stephanie Mooney  
Senior Transportation Funding Analyst  
(714) 560-5312  
[smooney@octa.net](mailto:smooney@octa.net)





# Maintenance of Effort Requirement

Charvalen Alacar

Section Manager, Measure M2 Local Programs

# Maintenance of Effort (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
- Next MOE benchmark adjustment process will begin Fall 2025

# MOE Overview

- Always report **more** expenditures than is required
- If reporting **indirect costs** to MOE, cost allocation plan is **required**
- **Cost allocation plan** must be reasonable, documented, and no more than 3-5 years old
- Cost must be consistent with **Article XIX** of the California Constitution

# MOE Adjustment Next Steps

## Local Action

- Submit MOE Adjustment Certification Form by December 31, 2025
- Provide ACFR excerpts of actual general fund revenues in FY 2024-25
- Provide detailed breakdown of one-time revenues, if applicable

## OCTA Review

- Compare CCI vs GFR growth calculation
  - GFR: FY 2022/23 through FY 2024/25
  - CCI: 2023 through 2025
- Determine the appropriate MOE adjustment for each local jurisdiction

## Board Approval

- Obtain Board approval in Spring 2026
- Notify local jurisdictions of adjusted MOE benchmark
- Approved MOE adjustments will be in effect beginning July 1, 2026

# Questions?

## Contact Information

Charvalen Alacar

Section Manager, Measure M2 Local Programs

(714) 560-5401

[calacar@octa.net](mailto:calacar@octa.net)

Stephanie Mooney

Senior Transportation Funding Analyst

(714) 560-5312

[smooney@octa.net](mailto:smooney@octa.net)



# Senior Mobility Program Reporting

Martin Browne  
Community Transportation Coordinator, Senior

## 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 \$42.4 million has been distributed to the cities and over 3.2 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 administrative costs which includes:
  - Rent
  - Utilities
- Making changes to your original submittal are acceptable



# Reporting Form

## Senior Mobility Program



**▼ Program Information**

Service for the - Month of: \* Year of: \*

Agency Contact (Name): \* Participating Agency \* i

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 style="width: 100px;" type="text"/> 0.00	0%
Direct Cost: In-House Labor	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Direct Cost: Vehicle Expenses	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Direct Cost: Marketing & Outreach	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Subtotal Direct Costs	\$0	
Administrative 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 style="width: 100px;" type="text"/> 0.00	0%
General Donations	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Transportation Fees or Rider Fees	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Title IIIB Funds	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Other <input style="width: 80px;" type="text"/>	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Other <input style="width: 80px;" type="text"/>	\$ <input style="width: 100px;" type="text"/> 0.00	0%
Other <input style="width: 80px;" type="text"/>	\$ <input style="width: 100px;" type="text"/> 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

# Common FY24 Site Visit Findings

## Senior Mobility Program

- Reporting errors - ineligible use of funds and incorrect allocation of staff time
- Late submission of reports: >60 days after reporting quarter-end
- Failure to verify participant eligibility (age) on the SMP application
- Large positive balances with cities not spending down their SMP funds
  - one city had to return their unspent SMP funds to OCTA with interest

# Program Sustainability

- There was a 36% increase in the number of trips provided in FY25
- Be mindful of your annual funding allocation and sustainability of your program, especially if you operate taxicab services throughout OC
- Contract cost increases: be mindful if you are seeking new contracts/contract extensions in FY26

# Questions?

## Contact Information

Martin Browne  
Community Transportation Coordinator, Senior  
(714) 560-5431  
[mbrowne@octa.net](mailto:mbrowne@octa.net)



# Local Agency Reviews

Janet Sutter  
Executive Director of Internal Audit

# Review Findings-Examples

## Local Fair Share

- Ineligible or unsupported MOE and/or LFS expenditures
- Reporting errors
- Failure to allocate interest
- LFS expenditures for projects not listed in the CIP (or, unable to trace projects from Expenditure Report to the CIP)
- Allocation of overhead and/or indirect costs without sufficient 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) representing a reasonable methodology.
- 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 any allocations of indirect costs.

# Direct vs. Indirect Costs

- **Direct Cost** = Expenditures incurred solely and specifically for a street or road purpose or project. Should be charged to a specific cost or object code. Examples include payments for services, salary costs of employees directly participating in street and road projects, etc.
- **Indirect/Overhead Costs** = Costs incurred that benefit more than one cost center or object code and are not readily assignable. These costs should be distributed to benefitted cost centers or object codes on bases that produce equitable results considering the benefits derived. Examples include allocating IT overhead costs based on the number of computers assigned to a cost center, allocating supervision labor costs based on direct costs by employees, allocating AP costs based on invoices paid by cost center or object code, allocating procurement costs based on the number of contracts procured, etc.



# LFS Expenditures

- LFS expenditures = street and road expenditures and other transportation purposes.
- Ensure a documented, reasonable methodology is on file to support any allocations of indirect costs. Allocation of budgeted amounts or deposits to sinking funds are not allowable.
- Recommend: Agencies should implement a review process to ensure costs charged to LFS are eligible and supported.
- Penalty for misspent funds = Return of misspent funds and ineligibility to receive M2 funds for a period of 5 years.

# Review Findings - Examples

## Senior Mobility Program

- Reporting errors or late submission of monthly reports
- Failure to meet match requirement
- 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 by Audit Subcommittee of Taxpayer Oversight Committee for Review - 2025:

- Local Fair Share:  
Anaheim, Brea, Costa Mesa, Garden Grove, Irvine,  
Lake Forest, Placentia, Santa Ana, Tustin
- Senior Non-Emergency Medical Transportation  
Program  
County of Orange

# 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 \$13.2 billion
- Represents a decrease of \$0.8 billion compared to last year's forecast of \$14.0 billion
- Based on estimated annual M2 sales tax receipts of \$432M for FY 2026
- Based on updated sales tax forecasts from MuniServices, UCLA, Cal State Fullerton, and Chapman University

# Questions?

## Contact Information

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

