

# MEASURE M2 PERFORMANCE ASSESSMENT REPORT

MARCH 3, 2025

ORANGE COUNTY TRANSPORTATION AUTHORITY

Presented by:  
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# ASSESSMENT FOCUS

- **Triennial Performance Assessment required by M2 Ordinance — 6<sup>th</sup> assessment to date.**
- **Main areas of focus included project delivery, program management & responsiveness, compliance, fiscal responsibility, and transparency & accountability.**
- **Additional review of status of prior assessment findings, performance of OCTA's delivery of M2 projects and programs, and opportunities for improvement.**

# OVERALL SUMMARY AND PROGRAM RESULTS

- OCTA continued to make progress toward M2 goals; with 65% of capital construction completed.
- Reporting of capital project delivery was transparent, but opportunities exist to clarify performance and provide comprehensive context.
- Procurement activities were generally compliant, but small improvements can be made to strengthen processes.
- Program management of M2 continued to be effective, with OCTA continuously refining its practices.
- OCTA strengthened its cybersecurity practices, addressing prior recommendations, and conducts regular tests to mitigate risks.
- OCTA established a robust, well-organized system to track compliance with the M2 Ordinance.
- Grant evaluation and award practices were well-documented and clear, but OCTA is working on improving grant payment processes.
- Fiscal practices were conservative, yielding a steady path for remaining program.
- OCTA continued to use extensive communication methods in pursuit of transparency.
- The Taxpayer Oversight Committee continued to fulfill its oversight role, though OCTA identified some room for clarification in the Ordinance.

# RECOMMENDATIONS

1. Consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.
2. As part of the development of the new E-procurement solution ensure that scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.
3. Add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.
4. Develop a plan to address backlog and timeliness of payments, which may include implementing the recommendations provided by the payment process consultant, as appropriate; consideration of more frequent and consistent timelines within the process; and assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.

# PROGRAM GOALS HAVE BEEN MET THUS FAR, AND MORE THAN HALF OF PROGRAM HAS BEEN DELIVERED

## RESULTS

- Nearly halfway through 30-year measure, project delivery is commensurate with time lapsed:
  - 65% of capital project segments completed
  - 81.6 miles of freeway + 4 interchanges completed
  - Performance goals made progress in transit, traffic signal synchronization, and pavement conditions remaining stable
- Pledged scopes continued to progress and be delivered
- Solid controls continued over construction management
- Reporting of capital project delivery was transparent, but opportunities exist to clarify performance and provide comprehensive context
- Procurement activities were generally compliant, but small improvements can be made to strengthen processes

# PROGRAM GOALS HAVE BEEN MET THUS FAR, AND MORE THAN HALF OF PROGRAM HAS BEEN DELIVERED

## Recommendations

1. To enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.
2. As part of the development of the new E-procurement solution, OCTA should ensure that the scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.
3. To strengthen compliance with OCTA's contracting and procurement policies, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.

# OCTA DEMONSTRATED STRONG PROGRAM MANAGEMENT

## RESULTS

- Continual employment of strong practices.
- Roles and functions clearly delineated to support coordination of M2 Program.
- Continuous improvement valued through implementation of prior assessment recommendations.
- Administrative costs were limited and closely monitored.
- OCTA implemented improvements to cybersecurity operations, though opportunities to strengthen efforts continually exist.

**No recommendations.**

# OCTA MAINTAINS SOLID FRAMEWORK FOR ORDINANCE COMPLIANCE

## RESULTS

- Robust system used to track compliance.
- Local eligibility requirements were robust and thoroughly reviewed by OCTA.
- Eligibility reviews were extensive and 3 cities were deemed ineligible.
- Grant payments process needs improvement, and OCTA is taking steps to make changes.

## RECOMMENDATION

- Develop a plan to address backlog and timeliness of payments, which may include:
  - Implementing the recommendations provided by the payment process consultant, as appropriate.
  - Consideration of more frequent and consistent timelines within the process.
  - Assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.



# FISCAL PRACTICES WERE CONSERVATIVE, YIELDING A STEADY PATH FOR REMAINING PROGRAM

## RESULTS

- Sales tax revenues generally aligned with forecasts
- Strategic use of external funding amplifies the impact of every M2 dollar
- OCTA maintains robust reserves to guard against economic uncertainty
- Conservative debt management policy supports long term financial stability
- Investment practices provided strong returns
- Sales tax revenue growth has not kept pace with construction cost increases
- Actual costs are consistently less than projected
- OCTA leveraged over half of every dollar in M2 funds to maximize project funding

Funding Source	Revenues	Percent of Total
Gross Sales Tax Revenue	\$ 3,941.1	56%
Bond Proceeds	\$ 669.8	10%
Other Revenues (Fed, State, & Local)	\$ 2,105.7	30%
Commercial Paper	\$ 100.0	2%
Interest on Bond Proceeds	\$ 95.2	1%
Operating Interest	\$ 77.5	1%
Total	\$ 6,989.3	100%

**No recommendations.**

# OCTA IS TRANSPARENT & ACCOUNTABLE

## RESULTS

- OCTA continues to use various initiatives to promote transparency and accountability
- Outreach efforts aligned with peers reviewed and, in many cases, are ahead of peers
- Public perception has slightly improved, though awareness of M2 has not materially changed
- TOC continued to function as envisioned in the Ordinance

**No recommendations.**

# QUESTIONS

**Sjoberg Evashenk appreciates the cooperation and assistance from OCTA and stakeholders.**

**Questions?**