# CITY COUNCIL AGENDA REPORT

**MEETING DATE: DECEMBER 2, 2014** **ITEM NUMBER:**

**SUBJECT: MEASURE M2 EXPENDITURE REPORT**

**DATE: NOVEMBER 14, 2014**

**FROM: PUBLIC SERVICES DEPARTMENT AND FINANCE DEPARTMENT**

**PRESENTATION BY: ERNESTO MUNOZ, PUBLIC SERVICES DIRECTOR AND STEPHEN DUNIVENT, INTERIM FINANCE DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: RAJA SETHURAMAN, TRANSPORTATION SERVICES MANAGER (714) 754-5032**

## RECOMMENDATION:

Adopt the Resolution (Attachment 1) approving the Measure M2 Expenditure Report.

## BACKGROUND:

The approved guidelines for Renewed Measure "M" (M2) eligibility require that local agencies prepare and adopt an annual expenditure report on Measure M2 funds. The expenditure report is a detailed financial report which tracks financial activity as it relates to Measure M2 and other improvement funds. The report should account for receipt, interest earned, and use of Measure M2 and other funds as outlined in the Ordinance approved by the Orange County Transportation Authority (OCTA) Board and finally the Orange County voters. OCTA requires the annual report to be provided within six (6) months from the end of the jurisdiction's fiscal year.

## ANALYSIS:

In order to qualify for Measure M2 funding, all agencies have to meet certain eligibility criteria established by the Ordinance approving the "M2" Program. Preparation of the expenditure report is one such requirement that each jurisdiction has to meet on an annual basis.

The guidelines require each City to prepare and adopt an annual expenditure report to account for Measure M2 funds, developer/traffic impact fees, and funds expended by the City to satisfy Maintenance of Effort requirements. The following are the requirements of the expenditure report:

- Submit report within six (6) months of jurisdiction's end of fiscal year;
- Include all Measure M2 revenue, fund balances, and interest earned;
- Identify expenditures by activity type (capital, operations, administration, etc.) and funding source for each program/project; and
- Submit the expenditure report signed by the Finance Director accompanied by a resolution from the City Council.

The City of Costa Mesa's report for Fiscal Year 2013-14 is due by December 31, 2014. Finance Department staff prepared the attached expenditure report (Attachment 2) in accordance with OCTA guidelines. The report was reviewed in draft form by OCTA staff, and the information provided was determined to be acceptable.

Staff requests City Council's approval of the attached resolution approving the expenditure report and authorizing staff to submit the report to OCTA.

**ALTERNATIVES CONSIDERED:**

The City Council may choose not to approve the attached resolution. This alternative would make the City ineligible to receive Measure M2 funds from the Orange County Transportation Authority.

**FISCAL REVIEW:**

The expenditure report was prepared by Finance Department staff and took into account the final auditing of revenues and expenses for Fiscal Year 2013-14. The information contained in the M2 Expenditure Report was also reviewed by OCTA staff and determined to be acceptable.

**LEGAL REVIEW:**

The City Attorney's office has reviewed and approved the Resolution (Attachment 1) as to form.

**CONCLUSION:**

The voter-approved Measure M2 requires local agencies to meet certain eligibility requirements for receipt of Measure M2 funds, including approval of the M2 Expenditure Report. Staff recommends that the City Council adopt the attached Resolution approving the M2 Expenditure Report for Fiscal Year 2013-14, for submittal to OCTA.

**RAJA SETHURAMAN,** Manager
Transportation Services Division

**COLLEEN O'DONOGHUE**
Assistant Finance Director

**STEPHEN DUNIVENT**
Interim Finance Director

**ERNESTO MUNOZ**
Public Services Director

ATTACHMENTS: 1 – Resolution
2 – M2 Expenditure Report

DISTRIBUTION: Chief Executive Officer
Assistant Chief Executive Officer
City Attorney
City Clerk Division
Staff
File