



# *CITY COUNCIL AGENDA REPORT*

---

MEETING DATE: JUNE 21, 2016

ITEM NUMBER: **CC-7**

**SUBJECT: RENEWED MEASURE M2 ELIGIBILITY**

**DATE: JUNE 6, 2016**

**FROM: PUBLIC SERVICES/ADMINISTRATION DIVISION**

**PRESENTATION BY: RAJA SETHURAMAN, TRANSPORTATION SERVICES MANAGER**

**FOR FURTHER INFORMATION CONTACT: RAJA SETHURAMAN, TRANSPORTATION SERVICES MANAGER, (714) 754-5343**

---

## **RECOMMENDATIONS:**

1. Approve the City's Seven-Year Capital Improvement Program (CIP) for Fiscal Year 2016-17 through Fiscal Year 2022-23 (Attachment 1);
2. Authorize the City Engineer to complete and submit the Pavement Management Plan; and
3. Approve the City's Maintenance of Effort (MOE) for Fiscal Year 2016-17 (Attachment 2).

## **BACKGROUND:**

In November 1990, Orange County voters approved Measure M, a one-half cent sales tax increase for 20 years, to fund transportation projects in Orange County. Furthermore, in November 2006, the voters approved the Renewal of Measure M (M2) for an additional thirty years, which became effective in April 2011. The Renewed Measure M net revenues contribute to two (2) types of Renewed Measure M funding: Fair Share and Competitive. All Orange County cities are eligible for Fair Share funding, based on population, number of existing Master Plan of Arterial Highways centerline miles, and taxable sales. Cities must compete and be successful to receive grants under the competitive component of the M2 funding.

The Orange County Transportation Authority (OCTA) determines annual eligibility for M2 funds based upon specific elements cities must meet prior to June 30 every year. Once OCTA eligibility requirements are met, for the Fiscal Year 2016-17, the City of Costa Mesa is estimated to receive approximately \$2.3 million in Fair Share funds. Fulfilling these requirements will also allow the City to qualify for competitive M2 grant funding.

## **ANALYSIS:**

The Renewed Measure M Ordinance requires local jurisdictions to annually submit specific documentation to the Orange County Transportation Authority (OCTA) to be eligible for Fair Share and Competitive M2 funds. Staff has prepared the necessary

submittal documents to satisfy the requirements and demonstrate eligibility to receive Measure M2 funds. A summary of those requirements is provided below:

- The City is required to update and adopt a Seven-Year Capital Improvement Program (CIP). The attached CIP List includes all capital transportation projects proposed from FY 16/17 to FY 22/23 (Attachment 1). The CIP is an extensive list of projects anticipated to meet and maintain the adopted traffic Level of Service (LOS) and Performance Standards in the City, as well as to keep a well maintained street network. A project must also be on the Seven-Year CIP list in order for it to be eligible for Renewed Measure M Competitive grant funds, or other types of State or Federal funds, should they become available.
- The City must adopt and update the Pavement Management Program (PMP) biennially and submit a copy of the PMP with a certification form. The Pavement Management Program is the City's strategic plan to manage the preservation, rehabilitation, and maintenance of paved roads by analyzing pavement life cycles, assessing overall system performance costs, and determining alternative strategies and costs necessary to improve paved roads. Staff is finalizing the update of the PMP for submittal by the June 30, 2016 deadline.
- The City is required to document and ensure that it maintains a minimum level of funding for annual street and road expenditures from sources other than Renewed Measure M funds, and that the Renewed Measure M funds are used to supplement, and not replace or supplant existing general funds or other revenues used for street and road improvements. Attachment 2 includes the MOE for Fiscal Year 2016-17.
- The City is required to participate in Traffic Forums. City staff participated in various working group sessions hosted by OCTA.
- The City is required to establish a policy which requires new development to pay its fair share of transportation-related improvement associated with their new development and adopt a General Plan Circulation Element consistent with MPAH and agree to expend all Local Fair Share revenues received through Renewed Measure M within three (3) years of receipt.

### **ALTERNATIVES CONSIDERED:**

Without the approval and submittal of the above-listed requirements to the Orange County Transportation Authority (OCTA), the City would not be eligible for funding, estimated at \$2.3 million, and would not allow staff to compete for competitive grant funds from the County's Renewed Measure M one-half cent sales tax initiative for Fiscal Year 2016-2017. Elimination of any projects from the Seven-Year CIP may jeopardize possible future grant funding for that particular project, should grant funding become available.

### **FISCAL REVIEW:**

The City's Interim Finance Director has prepared the Maintenance of Effort (MOE) form certifying that the City of Costa Mesa has budgeted and will meet the MOE benchmark requirement of \$6,457,802 for the Fiscal Year 2016-17. The recommended actions will continue the City's eligibility for receiving Measure M2 funds.

**LEGAL REVIEW:**

None required with this action.

**CONCLUSION:**

The City of Costa Mesa, like other Orange County cities, is required to annually adopt and/or approve certain items in order to remain eligible for grant funds from Renewed Measure M. Accordingly, staff recommends that the City Council approve the proposed Seven-Year Capital Improvement Program (CIP) and the Maintenance of Effort (MOE) certifying compliance with OCTA's Master Plan of Arterial Highways, and authorize submittal of the Pavement Management Plan.

---

JAMES ROSS  
Interim Public Services Director

---

RAJA SETHURAMAN  
Transportation Services Manager

---

STEPHEN DUNIVENT  
Interim Finance Director

ATTACHMENTS: 1 - [7-Year CIP FY 2016-17 through 2022-23](#)  
2 - [Maintenance of Effort \(MOE\) for Fiscal Year 2016-17](#)

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