



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 24-393

Meeting Date: 11/19/2024

TITLE:

MEASURE M2 EXPENDITURE REPORT

DEPARTMENT: PUBLIC WORKS DEPARTMENT/ADMINISTRATION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: CHRISTINE TSAO, SENIOR MANAGEMENT ANALYST (714) 754-5024

RECOMMENDATION:

Staff recommends the City Council adopt the proposed Resolution No. 2024-xx, (Attachment 1) approving the Measure M2 Expenditure Report and authorizing staff to submit the report to the Orange County Transportation Authority (OCTA).

BACKGROUND:

The approved guidelines for Renewed Measure "M" (M2) eligibility requires 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 related to Measure M2 and other improvement funds. The report should account for the receipt, interest earned, and use of Measure M2 and other funds as outlined in the Ordinance approved by the OCTA Board and 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 must 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 the 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 the 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 2023-24 is due by December 31, 2024. 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 recommends the City Council's approval of the proposed resolution, approving the expenditure report, and authorizing staff to submit the report to OCTA.

ALTERNATIVES:

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

FISCAL REVIEW:

The expenditure report took into account the final review of revenues and expenses for Fiscal Year 2023-24. The information contained in the M2 Expenditure Report was also reviewed by OCTA staff and determined to be acceptable. For Fiscal Year 2023-24, total revenues amounted to \$4.3 million of which \$3.5 million reflected annual ongoing Local Fair Share funds, and \$0.8 came from specialized grants. Total expenses amounted to \$2.4 million, resulting in a fund balance of \$1.9 million related to Fiscal Year 2023-24. All Measure M2 funding is to be used for restricted purposes, including street rehabilitation and traffic signal synchronization, to name a few.

LEGAL REVIEW:

The City Attorney's Office has reviewed this agenda report and resolution and approves them both as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- Achieve Long-Term Fiscal Sustainability

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 proposed resolution approving the M2 Expenditure Report for Fiscal Year 2023-24, for submittal to OCTA.