



# CITY OF COSTA MESA

## Agenda Report

77 Fair Drive  
Costa Mesa, CA 92626

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**File #:** 26-300

**Meeting Date:** 6/2/2026

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**TITLE:**

**RENEWED MEASURE M (M2) ELIGIBILITY**

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT /TRANSPORTATION  
**SERVICES DIVISION**

**PRESENTED BY:** RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

**CONTACT INFORMATION:** PAUL MARTIN, TRANSPORTATION SERVICES MANAGER,  
(714) 754-5343

**RECOMMENDATION:**

Staff recommends the City Council:

1. Approve the City's Maintenance of Effort (MOE) for Fiscal Year (FY) 2026-27 (Attachment 1).
2. Approve the M2 Seven-Year Capital Improvement Program (CIP) consisting of the City's Five-Year and future year CIP for FY 2026-27 through FY 2032-33 (Attachment 2).
3. Adopt Resolution No. 2026-xx, for the update of the Pavement Management Plan (Attachment 3).
4. Adopt Resolution No. 2026-xx, for the update of the Local Signal Synchronization Plan (Attachment 4).
5. Authorize staff to submit documents to meet M2 Eligibility requirements.

**BACKGROUND:**

In November 1990, the Orange County voters passed Measure M, the Revised Traffic Improvement and Growth Management Ordinance. The Ordinance provided for the establishment and implementation of a one-half percent retail transaction and use tax to fund transportation improvements for a period of 20 years. The County of Orange Board of Supervisors designated the Orange County Transportation Authority (OCTA) as the local transportation authority responsible for administering the revenue from Measure M that ended in 2011.

Renewed Measure M (M2) is a 30-year extension of the original program, approved by voters in 2006. Like its predecessor, Renewed Measure M net revenues are generated from the retail transaction and use tax of one-half percent. 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. For FY 2026-27, Costa Mesa is estimated to receive approximately \$3,726,275 in Fair Share funds once OCTA eligibility requirements are met. Fulfilling these requirements will also allow the City to qualify for competitive funding allocations.

**ANALYSIS:**

Every year, the OCTA determines if a local jurisdiction is eligible to receive Renewed Measure M Fair Share funding. To qualify for funding through the OCTA, the City must submit the following eligibility requirements established for FY 2026-27 prior to the submittal deadline of June 30, 2026.

**Maintenance of Effort (MOE)** - The City is required to document and assure that it is maintaining a minimum level of funding for annual street and road expenditures from sources other than Renewed Measure M funds. This is to ensure that Renewed Measure M funds are used to supplement, and not replace or supplant, the existing general funds or other revenues used for street and road improvements. Failure to meet the MOE requirement may jeopardize the City's eligibility and receipt of Fair Share funding while also triggering an additional audit in order to get back into compliance the subsequent year. Attachment 1 includes the MOE calculation for FY 2026-27.

**Seven-Year Capital Improvement Program (CIP)** - Each jurisdiction is required to prepare an M2 Seven-Year CIP. The CIP is an extensive list of projects required by the General Plan, as well as projects needed to maintain a satisfactory driving surface. 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 M2 Seven-Year CIP consists of the City's Five-Year and the future year CIP and is included as Attachment 2.

**Pavement Management Program (PMP)** - The City must adopt and update the PMP biennially and submit a copy of the PMP with a certification form and a resolution certifying compliance with the County guidelines. The PMP 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. Attachment 3 is the resolution, approving the City's updated PMP (Exhibit A).

**Local Signal Synchronization Plan (LSSP)** - The City is also required to approve and maintain a Local Signal Synchronization Plan (LSSP) consistent with specific requirements. Each LSSP identifies traffic signal synchronization street routes, traffic signals, and how they may be synchronized with traffic signals on the street routes of adjoining jurisdictions. Each plan is to include a three-year scenario showing cost, available funding and phasing of capital, operations, and maintenance. In addition, an assessment of the signal synchronization efforts must be provided, as well as details on the review and revision (as necessary) of the timing of traffic signals along the identified traffic signal synchronization street routes. The City's LSSP is included in Attachment 4.

**Traffic Fora** - The City is required to participate in Traffic Fora. City staff participated in various working group sessions hosted by the OCTA and met this requirement.

With the approval and submittal of the above-listed documents to the OCTA, the City meets the eligibility requirements for Measure M2 Fair Share funding, estimated at approximately \$3.7 million,

from the County's Renewed Measure M one-half percent sales tax initiative for Fiscal Year 2026-27. Elimination of any projects from the M2 Seven-Year CIP may jeopardize possible future grant funding for that particular project, should grant funding become available. Staff requests City Council approval of the recommended actions.

**ALTERNATIVES:**

The City Council may elect to not approve or modify the submittals. This may result in the City not complying with the eligibility requirements and the potential risk of losing Measure M2 grant funding. Failure to meet such requirements may also result in an additional audit to bring the City back into compliance the subsequent year.

**FISCAL REVIEW:**

The Finance Department has reviewed and the City Manager signed the Maintenance of Effort (MOE) form certifying that the City has budgeted and will meet the MOE minimum level of funding requirement for FY 2026-27.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed this agenda report and the resolutions for the Pavement Management Plan and the update of the Local Signal Synchronization Plan and approves them as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

This item supports the following City Council Goals:

- Achieve long-term fiscal sustainability.
- Strengthen the public's safety and improve the quality of life.
- Maintain and enhance the City's facilities, equipment, and technology.
- Advance environmental sustainability and climate resiliency.

**CONCLUSION:**

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