

SPECIAL MEETING AGENDA

- 1. Welcome**
- 2. Approval of Minutes for February 14, 2023**
- 3. Public Comments***
- 4. Action Item**
 - A. External Auditor Communication/OCLTA Measure M2 Agreed-Upon Procedures Reports, Year Ended June 30, 2022 - Crowe LLP
Jennifer Richards, Partner
 - OCLTA Measure M2 Local Fair Share Agreed-Upon Procedures Report, Year Ended June 30, 2022
 - OCLTA Measure M2 Senior Mobility Program Agreed-Upon Procedures Report, Year Ended June 30, 2022
 - B. Approve Selections for Fiscal Year 2022-23 Measure M2 Agreed-Upon Procedures
Janet Sutter, Executive Director, Internal Audit
 - Measure M Jurisdictions - Suggested Selection for FY2023
- 5. Presentation Item**
 - A. Quarterly M2 Revenue and Expenditure Report
Sean Murdock, Director, Finance and Administration
 - Quarterly M2 Revenue and Expenditure Report as of March 31, 2023
 - B. M2 Ordinance Compliance Matrix
Francesca Ching, Program Manager, Planning
 - Ordinance No. 3 Tracking Matrix For Period Ending December 31, 2022
- 6. Adjournment**

The next TOC Audit Subcommittee meeting is scheduled for June 13, 2023

*Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

**Measure M Taxpayer Oversight Committee
Audit Subcommittee
Orange County Transportation Authority
550 S. Main Street, Orange, CA
Teleconference
February 14, 2023 @ 4:00 p.m.**

MEETING MINUTES

Committee Members Present:

Andrew Hamilton, Auditor-Controller, County of Orange
Steve Sloan, Second District Representative
Mark Kizzar, Second District Representative
Mark W. Eisenberg, Fifth District Representative

Committee Members Absent:

Naresh D. Patel, First District Representative

Orange County Transportation Authority Staff Present:

Kia Mortazavi, Executive Director, Planning
Sean Murdock, Director, Finance and Administration
Dustin Sifford, Government Relations Representative, Senior
Janet Sutter, Executive Director, Internal Audit

Guests:

Jennifer Richards, Partner, Crowe LLP
A.J. Johnson, Senior Auditor, Crowe LLP
Matt Holder, Executive Assistant, Auditor-Controller's Office, County of Orange,

Recorder:

Teri Lepe, Executive Assistant, Internal Audit

1. Welcome

Mr. Andrew Hamilton called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) Audit Subcommittee (AS) meeting to order at 4:06 p.m.

2. Approval of the Minutes for June 14, 2022

A motion was made by Mr. Steve Sloan, seconded by Mr. Mark Kizzar, and carried with one abstention, to approve the June 14, 2022, TOC AS minutes.

3. Public Comments

No public comments were submitted prior to the meeting. Mr. Hamilton next made a call for any members of the public present for live comments at the TOC AS meeting. Hearing none, Mr. Hamilton announced the meeting would move forward to the next agenda item.

4. Action Items

A. External Auditor Communication/Annual Audit and Agreed-upon Procedures Reports - Crowe LLP

Ms. Janet Sutter, Executive Director, Internal Audit Department, introduced Ms. Jennifer Richards, Partner, and Mr. A.J. Johnson, Senior Auditor, from Crowe LLP (Crowe), who were in attendance to present the external auditor communication and the Orange County Local Transportation Authority's (OCLTA) annual audit and agreed-upon procedures reports to the TOC AS.

Ms. Richards summarized the results of the audit of the OCLTA financial statements and noted the auditors issued an unmodified, or "clean", opinion on the financial statements. Also included in the AS packet were the results of the management letter comments issued in connection with the financial statement audit of OCTA; however, Ms. Richards noted that the comments included in that management letter did not relate to the OCLTA. With regard to the OCLTA, Crowe had no management letter comments.

Mr. Hamilton asked if Ms. Richards would mind going through the auditor responsibilities concerning reasonable assurance, material misstatement, etc., for AS members. Ms. Richards responded that the high-level summary of the opinion is that Crowe is engaged to give reasonable assurance that the financial statements are not materially misstated.

Discussions ensued related to the financial statements, and Crowe's sampling techniques.

Ms. Richards then provided a brief description of the agreed-upon procedures applied, related to Article XIII-B Appropriations Limit, and noted there were no exceptions.

Mr. Johnson next reviewed the OCLTA Report on Agreed-Upon Procedures Applied to the Measure M2 Status Report. During the performance of these procedures Crowe noted one exception on procedure C4 related to the expenditure sample. Crowe noted an over-accrual of approximately \$1.3 million. Management responded to the finding and agreed to strengthen controls.

Discussion ensued regarding the design of agreed-upon procedures for these audits. Ms. Johnson noted that procedures for the Article XIII-B report are pulled from state-suggested procedures and Mr. Johnson noted that procedures applied to the M2 Status report have not changed in the last few years; however, management can request changes, as needed. Ms. Sutter stated that

agreed-upon procedures are developed by OCTA's Internal Audit Department and approved by the AS, as needed.

Discussion then ensued related to the auditors' independence and whether there may be any conflict of interest related to the audit of both OCTA and OCLTA financial statements. Ms. Richards responded that the audits are performed in conformance with auditing standards, both the American Institute of Certified Public Accountants and Governmental Auditing Standards and that they apply professional skepticism and judgement, as appropriate, and as required. Ms. Sutter also noted that an AS member participates in the evaluation of firms to provide auditing services and the OCTA Board of Directors ultimately selects such firm.

Ms. Sutter conveyed that staff is recommending AS members make the determination, based on the results to date, that OCTA is proceeding in compliance with the Ordinance.

Ms. Sutter also stated that the balance of the agreed-upon procedures reports of selected cities' compliance with Measure M Local Fair Share and Senior Mobility Program guidelines will be presented by Crowe at a special meeting in May 2023.

A motion was made by Mr. Sloan, seconded by Mr. Eisenberg, and carried with one abstention (A. Hamilton), to accept staff recommendation that based on the results to date, OCTA is proceeding in accordance with the Ordinance.

B. Taxpayer Oversight Committee Audit Subcommittee Annual Adoption of Charter

Ms. Sutter indicated the Audit Charter was developed many years ago when the AS began acting as the Audit Committee for the TOC, and wanted a Charter to guide what those responsibilities were. Every year the Audit Charter is brought back to the AS for readoption so new members can understand what the responsibilities are, and/or suggest additions/changes.

Mr. Sloan asked when the last Triennial Performance Assessment (TPA) was performed, and Mr. Kia Mortazavi, Executive Director, Planning, responded the last TPA was completed in 2022. Mr. Mortazavi stated that there were several recommendations, and that OCTA is tracking implementation of those recommendations.

Mr. Hamilton proposed that in No. 1, under 'Other' of the Audit Charter, the words 'at least' be added to read that the Audit Charter be reviewed 'at least' annually.

A motion was made by Mr. Kizzar, seconded by Mr. Sloan, and carried unanimously to adopt the Audit Charter for 2023, with the addition of 'review audit charter at least annually' under Other, No. 1.

C. Second Quarter Measure M2 Revenue and Expenditure Report

Mr. Sean Murdock, Director, Finance and Administration, shared with AS members that sales tax for the last two quarters have grown strong year-over-year, at about 11 percent. OCTA receives sales tax revenues two months in arrears and will not receive the true-up payment until the end of February, at which time OCTA will know the true-up payment for December. Mr. Murdock assured AS members that when the third quarter report comes out, Mr. Murdock will let the AS know how the second quarter ended up.

Measure M2 spent approximately \$118 million in the second quarter, in a pattern very similar to the previous two quarters, which is mainly in the Freeway Mode. \$86 million was spent primarily on two projects, the biggest one being the Interstate 405 Project with \$58 million spent last quarter, and \$20 million spent on the improvements in south Orange County between State Route 73 and El Toro Road on Interstate 5 South. \$16 million was spent on Streets and Roads, with \$13 million being the formulaic funds that were sent to the cities for the Local Fair Share Program. OCTA spent \$16 million in the Transit Mode, with \$11 million going to the OC Streetcar in Santa Ana, and spent \$3 million funding Senior Mobility, Fare Stabilization, and the Senior Non-Emergency Mobility Program.

Mr. Eisenberg asked if any monies were spent on the environmental side. Mr. Murdock responded that funds were expended, but the amount was small enough that it was not reflected in his comments. Mr. Eisenberg asked if that was by design because more funds are needed for bigger projects. Mr. Murdock answered that when he decides how to roll up the information he shares with AS members, he tries to give the bigger picture; funds are spent on the environmental side, but those numbers were not included in his comments as they are smaller. Mr. Murdock relayed he could, however, bring those numbers to AS members.

Mr. Hamilton asked for a motion to receive and file the Second Quarter Measure M2 Revenue and Expenditure Report as an information item; Mr. Kizzar made the motion, seconded by Mr. Hamilton, and was carried unanimously.

5. Adjournment


The Measure M TOC AS meeting adjourned at 5:02 p.m. The next regularly scheduled meeting will be at **4 p.m. on Tuesday, April 11, 2023**, in Conference Room 09 of the 550 Building, OCTA Headquarters.



April 26, 2023

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department 

Subject: Orange County Local Transportation Authority Measure M2
Agreed-Upon Procedures Reports, Year Ended June 30, 2022

Overview

Crowe LLP, an independent accounting firm, has applied agreed-upon procedures related to Measure M2 Local Fair Share funds provided to seven cities, and Senior Mobility Program funds provided to four cities, for the fiscal year ended June 30, 2022. Local Fair Share program reports include observations of ineligible maintenance of effort expenditures, indirect charges lacking a reasonable methodology, reporting errors, and funded projects not reflected in Seven-Year Capital Improvement Program plans. Senior Mobility Program audits include observations relating to late submission of monthly reports, reporting errors, failure to allocate interest, and verification of participant eligibility.

Recommendations

- A. Direct staff to monitor implementation of recommendations by cities.
- B. Direct staff to review observations with legal counsel and develop recommendations for Board of Directors' consideration related to the City of Cypress' compliance with the Measure M2 Ordinance and Eligibility Guidelines.

Background

Annually, the Audit Subcommittee (Subcommittee) of the Taxpayers Oversight Committee selects a sample of local jurisdictions receiving Measure M2 (M2) funding for audit to determine the local jurisdictions' level of compliance with provisions of the M2 Ordinance. For the fiscal year (FY) ended June 30, 2022, the Subcommittee selected the seven cities for review of Local Fair Share (LFS)

program funding, and four cities for review of Senior Mobility Program (SMP) funding. The agreed-upon procedures (AUP) applied for these reviews were approved by the Subcommittee.

The LFS program is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. Since the LFS program is intended to augment, not replace, existing transportation expenditures, each jurisdiction is required to maintain a minimum level of local street and roads expenditures to conform to a defined maintenance of effort (MOE) requirement. MOE expenditures are required to conform to State Controller's Office Gas Tax Guidelines (Guidelines). Cities are required to submit copies of their Seven-Year Capital Improvement Plan (CIP), reflecting projects that will be funded with LFS.

The SMP funds local community transportation services for seniors. This program provides 80 percent of the funding allocation, and participating local jurisdictions provide a 20 percent match. Seniors must be age 60 or older to be eligible to participate in the program. A cooperative agreement, along with a written Service Plan, is executed between the local jurisdiction and the Orange County Local Transportation Authority (OCLTA) to outline requirements of the program and to describe services to be provided. Cities are required to submit monthly SMP activity reports within 30 days of month end.

All M2 revenues, interest earned on net revenues, expenditures, and expenditures of earned interest are required to be reflected on an annual Expenditure Report. The Expenditure Report requires certification by the respective city's finance director and must be adopted by the city council and filed with OCLTA within six months of FY end.

Discussion

Crowe LLP (auditors), made site visits to each of the selected cities, conducted interviews of city finance and program-related staff, and applied the AUPs, including testing of expenditures for compliance with program requirements, review of indirect costs for adequate support and reasonableness, testing to ensure allocation of interest, and testing of annual Expenditure Reports for accuracy.

Agreed-Upon Procedures: LFS Program Funds

The auditors examined the cities of Cypress, Irvine, Laguna Beach, Los Alamitos, Rancho Santa Margarita, San Juan Capistrano, and Villa Park. No observations resulted from the audits of Rancho Santa Margarita and San Juan Capistrano.

Auditors identified reporting errors on the Expenditure Reports submitted by five cities and identified projects not listed in the Seven-Year CIP of one city. At two cities, the auditors identified expenditures that were not properly classified as MOE expenditures; however, after removal of the ineligible amounts, the cities continued to meet the minimum MOE requirement.

Four cities lacked adequate documentation to support indirect costs allocated to MOE. Without sufficient documentation to support how allocation methodologies were derived, auditors are unable to determine that the allocation of these costs is fair and equitable, as required. At three cities, if indirect costs were removed from total MOE expenditures, the cities continue to meet the minimum MOE requirement. However, if indirect charges by the City of Cypress (Cypress) are removed from total MOE expenditures, Cypress no longer meets the minimum MOE requirement of \$3,607,878. The shortfall would amount to \$1,381,048.

Cypress responded to the finding and indicated that management believes the current process for allocating internal service charges is documented and represents a fair and reasonable allocation of costs. Auditors, and the Internal Audit Department (Internal Audit), disagree with this statement. Cypress only provided excel spreadsheets indicating allocation of budgeted costs from various internal service funds and could not produce, after multiple requests, support for how the allocation percentages were derived or demonstrate that the allocations represented actual costs (rather than budgeted amounts).

Cypress also asserted that the methodology for allocating indirect costs has been used for 30 years and has been accepted and audited by OCLTA. Internal Audit has reviewed three prior audits from FY 2007-08, FY 2012-13, and FY 2016-17. In FY 2007-08, auditors did not identify indirect costs charged to MOE and city staff confirmed indirect costs were not charged. During the FY 2012-13 audit, auditors identified indirect costs charged to MOE and tested a sample of \$35,861 of those charges and reported no exceptions. In the FY 2016-17 audit, auditors also identified indirect costs charged to MOE and tested a sample of \$171,324 of those charges and reported no exceptions.

Cypress acknowledged that its documentation and method of allocating costs can be improved and pointed out that its indirect costs represent more than 45 percent of its MOE benchmark. Cypress stated that the documentation standard for determining if indirect costs are fair and reasonable “does not appear clear and obvious”. In response, it should be noted that OCLTA provides regular guidance to cities, both in writing and through annual workshops. After two cities were found ineligible following audits of their MOE for FY 2017-18, OCLTA took additional steps to notify cities by sending a letter to all city managers and a detailed email to all city finance directors. Cities were reminded

that MOE expenditures must conform to Guidelines and were urged to thoroughly review MOE expenditures against Guidelines before closing their books each year.

A summary of all findings and city management responses can be found at Attachment A, and the detailed reports, along with written management letters, can be found at Attachment B.

Agreed-Upon Procedures: SMP Funds

The auditors examined the cities of Anaheim, Garden Grove, Huntington Beach, and Santa Ana.

Auditors identified errors in reporting of direct and indirect expenditures in Expenditure Reports submitted by two cities and another city did not allocate interest to the SMP fund, as required. Two cities were found to have submitted one or more monthly reports beyond the required timeframe of 30 days after month-end. Auditors also noted that participant age is not being verified at one city.

A summary of all findings and city management responses can be found at Attachment C, and the detailed reports, along with written management letters, can be found at Attachment D.

Summary

The auditors have completed agreed-upon procedures related to M2 LFS and SMP funds provided to 11 cities for the FY ended June 30, 2022.

Attachments

- A. Summary of Results of Agreed-Upon Procedures Reports Orange County Local Transportation Authority Measure M2 Local Fair Share for the Year Ended June 30, 2022
- B. Orange County Local Transportation Authority Measure M2 Local Fair Share Agreed-Upon Procedures Reports Year Ended June 30, 2022
- C. Summary of Results of Agreed-Upon Procedures Audits Orange County Local Transportation Authority Measure M2 Senior Mobility Program for the Year Ended June 30, 2022
- D. Orange County Local Transportation Authority Measure M2 Senior Mobility Program Agreed-Upon Procedures Reports Year Ended June 30, 2022

Prepared by:



Janet Sutter
Executive Director, Internal Audit
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**SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2022**

City	Result	City Management Response
City of Cypress (Cypress)	Testing of direct maintenance of effort (MOE) expenditures identified five expenditures totaling \$632, that were not properly classified as street and road expenditures. Expenditures included costs of a retirement lunch for a public works employee, a grilling tools set, a phone case, a renewal fee to South Coast Air Quality Management District and membership dues to the American Public Works Association. However, after removing the amounts from total MOE expenditures, the Cypress continued to meet the minimum MOE requirement.	Management accepts the determination that these expenditures are not eligible to be classified as direct street and road expenditures.
	Cypress reported \$20,201 of indirect expenditures as direct expenditures.	Management accepts the determination that these expenditures are not eligible to be classified as direct street and road expenditures.
	Testing of indirect MOE expenditures found that Cypress applied internal service allocations based on fiscal year 2022 budget amounts for various indirect/overhead expenditures. These expenses included payroll and benefits, liability insurance, monthly print shop/mail/phone charges, monthly office rental charges, monthly tools and equipment replacement charges, monthly computer website maintenance charges, monthly vehicle replacement charges, and various other charges. For indirect costs, the methodology used to allocate the actual costs should be documented and represent a fair and reasonable allocation of costs. Cypress was unable to provide a documented methodology used to support the allocation of costs. As such, the auditors lack information necessary to confirm these costs as fair and reasonable. If unsupported indirect costs were removed from MOE, Cypress would no longer meet the benchmark requirement of \$3,607,878. The shortfall would amount to \$1,381,048.	Management acknowledges the finding and indicated it has been standard practice to allocate a variety of service costs to departments that utilize the services. Management asserts that the methodology is documented and represents a fair and reasonable allocation of costs that has been accepted by the Orange County Transportation Authority (OCTA) in the past. Despite this, management agrees that an update to its methodology is appropriate. Management requests OCTA allow the current methodology to be used until the city can complete a cost allocation study in the next 12 months.
City of Irvine (Irvine)	Irvine reported four indirect Local Fair Share (LFS) expenditures, totaling \$49,624, as direct expenditures.	Management will implement reporting of these types of expenditures in the indirect LFS costs section in future expenditure reports.
City of Laguna Beach (Laguna Beach)	Laguna Beach reported total MOE expenditures of \$7,555,442 on its expenditure report. Actual expenditures, per the general ledger, totaled \$8,269,834, a variance of \$714,392. The variance was due to an indirect cost charge that was counted twice and a prior period audit adjustment that was not accounted for.	Management has identified this discrepancy and will correct it in future reporting. In addition, management could refile the expenditure report with the adjustments.
	Laguna Beach was unable to provide a documented methodology used to support indirect allocations to the MOE totaling \$343,485. However, if these unsupported costs are removed from total MOE expenditures, Laguna Beach continues to meet its MOE benchmark.	Management will refile the expenditure report and remove overhead costs. Management will document the indirect cost allocation methodology for future submittals or exclude it from expenditure reporting.
City of Los Alamitos (Los Alamitos)	Los Alamitos reported total MOE expenditures of \$694,824 on its expenditure report. Actual expenditures, per the general ledger, totaled \$655,511, a variance of \$39,313. The variance was primarily due to an indirect cost charge that was counted twice and a prior year audit adjustment that was not accounted for.	Management will record direct and indirect expenditures separately going forward so there is a clear delineation of MOE expenditures.
	Los Alamitos reported \$47,880 in indirect costs as direct costs on its expenditure report. Los Alamitos was unable to provide a documented methodology used to support these indirect allocations to the MOE. However, after removing these costs from total MOE expenditures, Los Alamitos continues to meet its MOE benchmark.	Management has engaged a consultant to conduct a cost recovery study, including review of internal service fund cost allocation methodology. Once the study is complete, management will draft procedures to support the internal cost allocation.
	Two LFS expenditures, totaling \$72,058, related to two projects that were not listed on Los Alamitos' Seven Year Capital Improvement Program (CIP).	Management agreed and will ensure that partially completed projects, appearing on prior CIP plans will be noted as such and carried forward for inclusion in subsequent CIP plans.
City of Rancho Santa Margarita	None	None
City of San Juan Capistrano	None	None

SUMMARY OF AGREED-UPON PROCEDURES REPORTS
Orange County Local Transportation Authority
Measure M2 Local Fair Share for the Year Ended June 30, 2022

City	Result	City Management Response
City of Villa Park (Villa Park)	One direct expenditure for city-wide electricity of \$1,535 for the civic center was charged to Villa Park's direct MOE expenditures. However, after removing this transaction from total MOE expenditures, Villa Park continued to meet its MOE benchmark.	Management has implemented procedures to ensure that transactions are entered and posted correctly to general ledger accounts.
	Testing of indirect MOE expenditures found that Villa Park applied 50 percent of contractor expenditures, totaling \$55,286, to indirect MOE expenditures. Villa Park could not provide a written methodology to support this allocation of costs. After removing these costs from total MOE expenditures, Villa Park continued to meet its MOE benchmark.	Management will develop a a written methodology for allocation purposes.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY
MEASURE M2 LOCAL FAIR SHARE
AGREED-UPON PROCEDURES REPORTS
Year Ended June 30, 2022**

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 LOCAL FAIR SHARE

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2022

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2022. Please refer to the individual divider tab for our report on each Agency.

Cypress

Irvine

Laguna Beach

Los Alamitos

Rancho Santa Margarita

San Juan Capistrano

Villa Park

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF CYPRESS

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Cypress's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund and account number. The City recorded its MOE expenditures in its General Fund (111), Storm Drainage Fund (261), Capital Projects Fund (415) and various account numbers. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022, were \$3,892,903 (see Schedule A) which originally exceeded the MOE benchmark requirement of \$3,607,878. We agreed the total expenditures of \$3,892,903 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. However, after removal of indirect costs, outlined at Procedure #4, the City no longer met the minimum MOE benchmark requirement. No other exceptions were found as a result of this procedure.

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$949,195, which represented approximately 42% of direct MOE expenditures of \$2,247,663 for the fiscal year ended June 30, 2022. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a retirement lunch for a public works maintenance employee in the amount of \$97, which was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. We selected an additional five direct MOE expenditures totaling \$535, which were comprised of \$48 for a grilling tools set, \$53 for reimbursement of a phone case and a screen protector, \$143 for an annual renewal fee to South Coast Air Quality Management District, \$269 for membership dues to American Public Works Association, and \$22 for picture frames. We found these expenditures were also not properly classified as local street and road expenditures, nor are they allowable per the Ordinance. We also identified \$20,201 of direct charges that should have been reported as indirect costs. They represented charges for pump station support, National Pollutant Discharge Elimination System (NPDES) annual license fee, data acquisition service, water quality permit fees, and other water quality contract services that were allocated 5% as direct charges. After removing the transactions above from total direct MOE expenditures, the City continued to meet the MOE benchmark requirement; however, if indirect costs were removed as outlined at Procedure #4 the City would no longer met the minimum MOE benchmark requirement. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,645,240 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. We selected 25 indirect MOE costs for inspection totaling \$223,883, representing 14% of the total indirect MOE costs of \$1,645,240. During testing of direct expenditures, we also identified \$20,201 of direct costs that should have been reported as indirect costs. Refer to Procedure #3 above. The City applied internal service allocations based on fiscal year 2022 budget amounts for various indirect/overhead expenses. These expenses included payroll and benefits, liability insurance, monthly print shop/mail/phone charges, monthly office rental charges, monthly tools and equipment maintenance/replacement charges, monthly computer website maintenance charges, monthly vehicle replacement charges and various other charges. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology used to support the allocation of charges for the samples selected, including the \$20,201, identified in Procedure #3, that should have been reported as indirect costs.

(Continued)

We then requested the City to provide a documented methodology used to support the allocation of the remaining indirect costs and the City was unable to provide documentation to support these allocations. As such, we lack information necessary to confirm these costs as fair and reasonable. After removing ineligible direct costs at Procedure #3, if unsupported indirect costs were removed from MOE, the City would no longer meet the benchmark requirement. The shortfall would amount to \$1,381,048.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$3,002,853 for the past three fiscal years ended June 30, 2020, 2021 and 2022. We agreed the fund balance of \$1,553,813 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund and account number. The City recorded its LFS expenditures in its Measure M Fund and in various account numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the Fiscal Year ended June 30, 2022 were \$693,309 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected five direct Measure M2 Local Fair Share expenditures for inspection totaling \$489,656 representing approximately 71% of total direct Measure M2 Local Fair Share expenditures of \$693,309 for the Fiscal Year ended June 30, 2022. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

(Continued)

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the Fiscal Year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$6,864 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
April 13, 2023

CITY OF CYPRESS, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,645,240
Construction & Right-of-Way	
Street Reconstruction	736,174
Pedestrian Ways & Bikepaths	193,933
Maintenance	
Overlay & Sealing	58,627
Street Lights & Traffic Signals	93,371
Other Street Purpose Maintenance	<u>1,165,558</u>
Total MOE Expenditures	<u>\$ 3,892,903</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Residential Street Resurfacing	\$ 600,000
Traffic Signal Improvements	<u>93,309</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 693,309</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 4,586,212</u></u>

Note: The above amounts were taken directly from the financial records of the City of Cypress and were not audited.



CITY of CYPRESS

5275 Orange Avenue, Cypress, California 90630

Phone 714-229-6700 www.cypressca.org

April 13, 2023

Exhibit 1

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Cypress as of and for the fiscal year ended June 30, 2022.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$949,195, which represented approximately 42% of direct MOE expenditures of \$2,247,663 for the fiscal year ended June 30, 2022. We agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation, and through discussion with the City's accounting personnel, we identified one expenditure related to a retirement lunch for a public works maintenance employee in the amount of \$97, which was not properly classified as a local street and road expenditure and is not allowable per the Ordinance. We selected an additional five direct MOE expenditures totaling \$535, which were comprised of \$48 for a grilling tools set, \$53 for reimbursement of a phone case and a screen protector, \$143 for an annual renewal fee to South Coast Air Quality Management District, \$269 for membership dues to American Public Works Association, and \$22 for picture frames. We found these expenditures were also not properly classified as local street and road expenditures, nor are they allowable per the Ordinance. We also identified \$20,201 of direct charges that should have been reported as indirect costs. They represented charges for pump station support, National Pollutant Discharge Elimination System (NPDES) annual license fee, data acquisition service, water quality permit fees, and other water quality contract services that were allocated 5% as direct charges. After removing the transactions above from total direct MOE expenditures, the City continued to meet the MOE benchmark requirement; however, if indirect costs were removed as outlined at Procedure #4 the City

Anne Hertz-Mallari, Mayor

Scott Minikus, Mayor Pro Tem

David Burke, Council Member

Frances Marquez, Ph.D., Council Member

Bonnie Peat, Council Member

would no longer met the minimum MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response:

We accept the determination these expenditures are not eligible to be classified as direct local street and road expenditures.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We agreed the total indirect expenditures of \$1,645,240 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. We selected 25 indirect MOE costs for inspection totaling \$223,883, representing 14% of the total indirect MOE costs of \$1,645,240. During testing of direct expenditures, we also identified \$20,201 of direct costs that should have been reported as indirect costs. Refer to Procedure #3 above. The City applied internal service allocations based on fiscal year 2022 budget amounts for various indirect/overhead expenses. These expenses included payroll and benefits, liability insurance, monthly print shop/mail/phone charges, monthly office rental charges, monthly tools and equipment maintenance/replacement charges, monthly computer website maintenance charges, monthly vehicle replacement charges and various other charges. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology used to support the allocation of charges for the samples selected, including the \$20,201, identified in Procedure #3, that should have been reported as indirect costs. We then requested the City to provide a documented methodology used to support the allocation of the remaining indirect costs and the City was unable to provide documentation to support these allocations. As such, we lack information necessary to confirm these costs as fair and reasonable. After removing ineligible direct costs at Procedure #3, if unsupported indirect costs were removed from MOE, the City would no longer meet the benchmark requirement. The shortfall would amount to \$1,381,048.

City's Response:

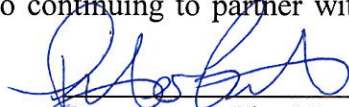
We acknowledge the above finding. The City uses internal service funds to allocate a variety of service costs to those departments/programs that utilize the services. This is a standard practice in municipal government and we assert the allocation methodology is documented and represents a fair and reasonable allocation of costs. Despite using this allocation methodology since Measure M was passed in 1990, it appears the City's documentation (which is largely based on the annual budget and historical trends) is no longer sufficient for OCTA. OCTA audit representatives have indicated documentation, such as a formal cost allocation plan and/or time and motion studies, would meet its needs. However, this was not previously requested of the City and the City has not had the need for such a plan to be prepared, nor is there sufficient time to prepare such a plan during the timeline for this audit. Further, the City calculates its MOE expenditures annually using

the same methodology that OCTA has repeatedly audited without any findings. In fact, during the FY 2017 audit, the costs that OCTA now identifies as undocumented, were specifically reviewed and reclassified (for reporting purposes) to the indirect cost line item at the suggestion of OCTA's auditor. No other suggestions or concerns were raised as part of the 2017 audit or during any previous audit review process. However, despite these facts we agree an update to our allocation methodology is appropriate to ensure the documentation is sufficient to meet OCTA standards.

Even though the City's documentation of its method of allocating indirect costs can be improved upon, a determination to potentially remove all indirect costs is not reasonable. For more than 30 years, the current indirect cost allocation documentation has been accepted. These indirect costs (\$1.6 million) represents more than 45% of Cypress' Maintenance of Effort (MOE) benchmark. Many of these costs are considered indirect because of how they are recorded in the City's general ledger (in separate internal service funds). For example, all fleet costs associated with street and right-of-way maintenance (including fuel, repairs, and vehicle replacement) are recorded as indirect costs and excluding these costs from the MOE calculation would not be appropriate. These costs are directly related to MOE activities and should be included for MOE purposes.

The City recognizes auditing standards and processes have evolved since the MOE benchmark was established; however, the documentation standard for determining if indirect costs are fair and reasonable does not appear clear and obvious. As Cypress' situation demonstrates, this determination may have significant impacts and requires a reasonable, common sense-based response and implementation. The City requests OCTA allow the current methodology for indirect costs until the City can complete a cost allocation study in the next 12 months. This study would provide the basis for an updated methodology for determining MOE eligible costs.

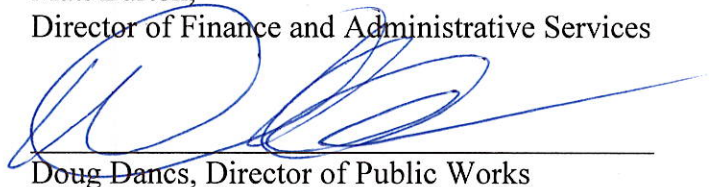
Cypress is one of the most financially stable cities in Orange County and takes great pride in the quality of its streets and roads. The City has not changed its cost allocation methodology in attempts to meet its MOE and it has always been a forthright, enthusiastic partner to OCTA. We appreciate and value the audit process and simply ask OCTA to provide the City the opportunity and necessary time to update past practices that have been consistently applied, reviewed and audited over the years. We look forward to continuing to partner with OCTA to address these concerns.



Peter Grant, City Manager



Matt Burton,
Director of Finance and Administrative Services



Doug Dancs, Director of Public Works

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF IRVINE

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Irvine's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies (Maintenance of Effort) MOE expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department codes, section codes, and object codes. The City records its MOE expenditures in its General Fund (001) and is identified by a 14-digit account number composed of a 2-digit fund code, 3-digit section code, 3-digit service code, and a 4-digit object code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022 were \$20,295,487 (see Schedule A), which exceeded the MOE benchmark requirement of \$8,001,915. We agreed the total expenditures of \$20,295,487 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$2,770,758, which represented approximately 21% of direct MOE expenditures of \$13,386,551 for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2022. We agreed \$6,908,936 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 charges for inspection with a total amount of \$1,211,831 representing 18% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included salaries for accountants for LFS related projects. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$16,588,159 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$6,076,723 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund, organization codes, and object codes. The City recorded LFS expenditures in its Measure M2 Fund (154) and is identified by 10-digit organization codes, and 4-digit object codes. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2022, were \$5,493,136 (see Schedule A), which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed on Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We selected eight direct Measure M2 Local Fair Share expenditures for inspection totaling \$5,279,788 representing approximately 96% of total direct Measure M2 Local Fair Share expenditures of \$5,460,527 for the fiscal year ended June 30, 2022. We agreed the dollar amount to supporting documentation. When comparing the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP and per discussion with the City's accounting personnel and the Public Works and Transportation department, Crowe was unable to trace four expenditures to specific projects included in the City's 7-year CIP. After further inspection, Crowe identified these four expenditures should have been reported as indirect costs. They relate to contracted services of \$39,385, wages for transportation analysts of \$7,238, and Public Works and Transportation employees benefits of \$3,001. No other exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2022. We agreed \$32,609 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 25 samples for inspection with a total amount of \$22,733 representing 70% of the total indirect Local Fair Share costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. Upon inspection of the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect Local Fair Share costs and were allowable per the Ordinance. In addition, the indirect LFS costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling (\$239,869) listed on the City's Expenditure Report (Schedule 2, line 4). The interest earned and the market value loss was \$93,427 and (\$333,296), respectively. We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. Crowe found that the interest was negative due to the unrealized loss of investment market value at year end, as required by government accounting standards. We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

(Continued)

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 28, 2023

CITY OF IRVINE, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 6,908,936
Maintenance	
Overlay & Sealing	\$ 5,955,937
Street Lights & Traffic Signals	965,635
Other Street Purpose Maintenance	<u>6,464,979</u>
Total MOE Expenditures	<u>\$ 20,295,487</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
M2 Fairshare Administrative	\$ 82,233
M2 Fairshare Operation And Maintenance	120,316
FY21 Slurry Seal/Local Streets	4,092,137
FY22 Slurry Seal/Local Streets Rehab	1,171,932
Walnut Pavement Rehabilitation (Harvard Culver)	<u>26,518</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 5,493,136</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 25,788,623</u>

Note: The above amounts were taken directly from the financial records of the City of Irvine and were not audited.



March 28, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Irvine as of and for the fiscal year ended June 30, 2022.

Procedure #7

Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:


- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.


Findings: We selected eight direct Measure M2 Local Fair Share expenditures for inspection totaling \$5,279,788 representing approximately 93% of total direct Measure M2 Local Fair Share expenditures of \$5,700,395 for the fiscal year ended June 30, 2022. We agreed the dollar amount to supporting documentation. When comparing the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP and per discussion with the City's accounting personnel and the Public Works and Transportation department, Crowe was unable to trace four expenditures to specific projects included in the City's 7-year CIP. After further inspection, Crowe identified these four expenditures should have been reported as indirect costs. They relate to contracted services of \$39,385, wages for transportation analysts of \$7,238, and Public Works and Transportation employees benefits of \$3,001.


No other exceptions were found as a result of this procedure.

City's Response:

The above finding is merely a reporting observation and no impact to MOE benchmark. The City will immediately implement the reporting of any direct expenditures to Local Fair Share (LFS) funding besides the Capital Improvement Program (CIP) in the upcoming Seven-Year report that will be submitted to Orange County Transportation Authority (OCTA) in June 2023. In addition, staff will report these types of expenditures in the indirect LFS costs section in future Measure M2 expenditure report (Schedule 3). Public Works and Transportation and Finance staff will incorporate these updates to OCTA procedural and methodological reporting for the Seven-Year CIP and Measure M2 expenditure reports.

Signed: 
Name: Oliver C. Chi
Title: City Manager

Signed: 
Name: Dahle Bulosan
Title: Director of Administrative Services

Signed: 
Name: Jaimee Bourgeois
Title: Director of Public Works & Transportation

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF LAGUNA BEACH

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Laguna Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department codes, and object codes. The City records its MOE expenditures in its General Fund (110), Capital Improvement Fund (116), Gas Tax Fund (132), and Street Lighting Fund (134) and identified by a 4-digit department code, and a 4-digit object codes. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

(Continued)

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022 were \$7,555,442 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,806,353. Actual MOE expenditures per the general ledger expenditure detail totaled \$8,269,834, a variance of \$714,392. The variance was due to an indirect cost charge of \$330,597 that was counted twice when preparing the City's Expenditure Report. The remaining variance was due to a prior year audit adjustment of \$383,795 that was not accounted for in the Expenditure Report. No other exceptions were found as a result of this procedure.

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$3,594,052, which represented approximately 50% of direct MOE expenditures of \$7,211,957 for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 25 indirect MOE costs for inspection totaling \$142,485, representing 41% of the total indirect MOE costs of \$343,485. These charges include payroll and benefits, monthly group insurance, copier charges, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology used to support the allocations mentioned above. As a result, the entire amount of indirect costs were removed from MOE expenditures. After removing these costs from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$1,432,868 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$0 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The LFS expenditures were tracked in the City's general ledger by fund number, department Number, program Number, and various object codes. The City recorded its LFS expenditures in its Gas Tax Fund (132). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2022 were \$536,756, which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected seven direct Measure M2 Local Fair Share expenditures for inspection totaling \$275,623 representing approximately 51% of total direct Measure M2 Local Fair Share expenditures of \$536,756 for the Fiscal Year ended June 30, 2022. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$6,824 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 31, 2023

CITY OF LAGUNA BEACH, CALIFORNIA
 SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
 Year ended June 30, 2022
 (Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 343,485
Construction & Right-of-Way	
New Street Reconstruction	\$ 824,098
Signals, Safety Devices & Street Lights	101,055
Pedestrian Ways & Bikepaths	223,302
Storm Drains	2,074,045
Maintenance	
Patching	\$ 2,774,593
Overlay & Sealing	964,174
Street Lights & Traffic Signals	41,817
Other Street Purpose Maintenance	<u>208,874</u>
Total MOE Expenditures	<u>\$ 7,555,442</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Slurry Seal & Rehab Zone 2,3,5	\$ 536,756
Total Measure M2 Local Fair Share Expenditures	<u>\$ 536,756</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 8,092,198</u></u>

Note: The above amounts were taken directly from the financial records of the City of Laguna Beach and were not audited.



March 31, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Laguna Beach as of and for the fiscal year ended June 30, 2022.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, Line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022 were \$7,555,442 (see Schedule A), which exceeded the MOE benchmark requirement of \$1,806,353. Actual MOE expenditures per the general ledger expenditure detail totaled \$8,269,834, a variance of \$714,392. The variance was due to an indirect cost charge of \$330,597 that was counted twice when preparing the City's Expenditure Report. The remaining variance was due to a prior year audit adjustment of \$383,795 that was not accounted for in the Expenditure Report. No other exceptions were found as a result of this procedure.

City's Response:

The City inadvertently included the indirect costs of \$330,597 as both MOE undistributed engineering and administration and maintenance costs in the report. The City has identified this discrepancy, which will be corrected in future reporting related to the Measure M2 Local Fair Share Program. In addition, the City can refile the Measure M2 report with the adjustments to correct the current year report.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule

3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 25 indirect MOE costs for inspection totaling \$142,485, representing 41% of the total indirect MOE costs of \$343,485. These charges include payroll and benefits, monthly group insurance, copier charges, and others. For indirect costs, the methodology used to allocate the actual costs to projects should be documented and represent a fair and reasonable allocation of costs. The City was unable to provide a documented methodology used to support the allocations mentioned above. As a result, the entire amount of indirect costs were removed from MOE expenditures. After removing these costs from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response:

The City believes the methodology used to calculate the indirect Maintenance of Effort costs as submitted is fair and reasonable. However, since the indirect cost rate allocation methodology was not approved by a third-party and documented in writing, the City can refile the Measure M2 report, excluding the administrative overhead expenditures. The City plans to document the indirect cost allocation methodology for future submittals or exclude it from the reporting. After removing indirect MOE costs, City's MOE expenditures for the fiscal year ended June 30, 2022, far exceeded the Maintenance of Effort benchmark requirement of approximately \$1.8 million.



Gavin Curran, Acting City Manager



Gavin Curran, Assistant City Manager/CFO



Mark McAvoy, Public Works Director

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF LOS ALAMITOS

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Los Alamitos's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund and account numbers. The City records its MOE expenditures in its General Fund (10) and is identified by account number. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, Line 18). Explain any differences.

Findings: The City reported total MOE expenditures of \$694,824 on its Expenditure Report (Schedule 3, line 18) for fiscal year 2022, which exceeded the MOE benchmark requirement of \$182,250. Actual MOE expenditures per the general ledger expenditure detail totaled \$655,511, a variance of \$39,313. The variance was primarily due to an indirect cost charge of \$47,880 that was counted twice when preparing the City's Expenditure Report. The remaining variance was due to a prior year audit adjustment of (\$8,567) that was not accounted for in the Expenditure Report. No other exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$330,719, which represented approximately 54% of direct MOE expenditures of \$607,631 for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the City's Expenditure Report, we noted that no indirect costs were reflected on Schedule 3, Line 1. After further investigating the direct expenditure detail from the City's general ledger and through discussion with City personnel, we noted that a \$47,880 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2022. Crowe selected 8 MOE indirect expenditures with a total amount of \$47,880 representing 100% of the total indirect costs. Upon inspection of supporting documentation, we determined that the entirety of the indirect costs were not developed using a reasonable methodology. However, after removing these expenditures from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$759,956 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$593,413 from the general ledger detail to the City's Expenditure Report (Schedule 1, Line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger in its Measure M2 Fund (26). Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2022 were \$201,146 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We selected 10 Measure M2 Local Fair Share direct expenditures for inspection totaling \$148,681 representing approximately 74% of total Measure M2 direct Local Fair Share expenditures of \$201,146 for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to supporting documentation. When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we noted that two expenditures in the amount of \$72,058, relating to the Suburbia Rehab and Cerritos Guardrail projects, were not listed on the City's Seven-Year CIP. Although projects related to the expenditure samples are not shown on the current year Seven-Year CIP, Crowe notes that the projects were shown in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were noted as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, Line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling \$4,052 listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, professional style.

Crowe LLP

Costa Mesa, California
March 22, 2023

CITY OF LOS ALAMITOS, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 47,880
Maintenance	
Other Street Purpose Maintenance	<u>607,631</u>
Total MOE Expenditures	<u>\$ 655,511</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
ADA Access Ramps	\$ 39,533
Surbrbia Rehab	49,978
Cerritos Ave Guardrail	55,540
St Signs at Intersections	950
Strret Marking/Striping	12,067
Tree Palnting Citywide	42,149
Speed Survey	540
Catch Basin CPS Project	<u>389</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 201,146</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 856,657</u></u>

Note: The above amounts were taken directly from the financial records of the City of Los Alamitos and were not audited.



Exhibit 1

March 22, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Los Alamitos as of and for the fiscal year ended June 30, 2022.

Procedure #2

Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, Line 18). Explain any differences.

Findings: The City reported total MOE expenditures of \$694,824 on its Expenditure Report (Schedule 3, line18) for fiscal year 2022. Actual MOE expenditures per the general ledger expenditure detail totaled \$655,511, a variance of \$39,313. The variance was primarily due to an indirect cost charge of \$47,880 that was counted twice when preparing the City's Expenditure Report. The remaining variance was due to a prior year audit adjustment of (\$8,567) that was not accounted for in the Expenditure Report. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the auditor's finding. City management maintains that the number represented in Schedule 3, Line 18 is for the purpose of reference to verify that expenditures exceed the MOE benchmark. Since expenditures after the noted adjustment exceed the established MOE benchmark by \$464,694 (254%), the error is of little consequence. For future reporting, the City will record indirect and direct costs separately so that OCTA has a clear delineation of the City's MOE expenditures.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the City's Expenditure Report, we noted that no indirect costs were reflected on Schedule 3, Line 1. After further investigating the direct expenditure detail from the City's general ledger and through discussion with City personnel, we noted that a \$47,880 of indirect costs were included in total direct costs on Schedule 3, line 15 of the City's M2 Expenditure Report for the fiscal year ended June 30, 2022. Crowe selected 8 MOE indirect expenditures with a total amount of \$47,880 representing 100% of the total indirect costs. Upon inspection of supporting documentation, we determined

that the entirety of the indirect costs were not developed using a reasonable methodology. However, after removing these expenditures from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

City's Response:

The City agrees with the auditors finding. City management is not aware of any written cost allocation methodology for calculating indirect cost allocation. Further, City management believes the methodology that is being used is sound based on best practices. The City has engaged a consultant to conduct a cost recovery study, including review of internal service fund cost allocation methodology. Once the study has been completed, City management will request that the consultant also draft written procedures to support internal cost allocation that will be compliant with SCO and OCTA.

Procedure #7

Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 10 Measure M2 Local Fair Share direct expenditures for inspection totaling \$148,681 representing approximately 74% of total Measure M2 direct Local Fair Share expenditures of \$201,146 for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to supporting documentation. When comparing the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, we noted that two expenditures in the amount of \$72,058, relating to the Suburbia Rehab and Cerritos Guardrail projects, were not listed on the City's Seven-Year CIP. Although projects related to the expenditure samples are not shown on the current year Seven-Year CIP, Crowe notes that the projects were shown in prior year's Seven-Year CIPs' but not rolled forward to the current year. No other exceptions were noted as a result of this procedure.

City's Response:

The City agrees with the auditor's finding. City management has discussed this process with the City's Engineer. Partially completed projects appearing on the prior year's Seven-Year CIP list will be noted as such and carried forward for inclusion in the subsequent year's Seven-Year CIP list, as well as inclusion for the Measure M2 Local Fair Share direct expenditures accordingly.

 3/22/23
Craig Koehler, Finance Director Dated

R. Noda 03/22/2023
Ron Noda, Development Services Director Dated

 3-22-23
Chet Simmons, City Manager Dated

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF RANCHO SANTA MARGARITA

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Rancho Santa Margarita's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department codes, and various other codes. The City records its MOE expenditures in its General Fund (100) and CIP Fund (410) and is identified by a 3-digit department number, and various other codes. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022, were \$688,337 which exceeded the MOE benchmark requirement of \$428,337. We agreed the total expenditures of \$688,337 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: The City does not separately account for MOE and LFS expenditures, rather, the City accumulates all expenditures in one account and then allocates expense amounts to LFS and MOE at the end of each year. City staff advised that all expenditures are both MOE and LFS eligible expenditures. Crowe selected 15 direct expenditures from the total population of expenditures for inspection. Expenditures inspected totaled \$662,388, representing 52% of the total population of LFS and MOE direct expenditures of \$1,265,098. We agreed the dollar amount to supporting documentation and the expenditures tested were allowable under both the MOE and LFS guidelines. No exceptions were found.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as MOE expenditures for the Fiscal Year ended June 30, 2022. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$2,440,211 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$698,914 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The City tracks its LFS expenditures in its Measure M2 Fund (212). Total Measure M2 Local Fair Share expenditures per the general ledger during the Fiscal Year ended June 30, 2022 was \$576,761 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. The City does not separately account for MOE and LFS expenditures, rather, the City accumulates all expenditures in one account and then allocates expense amounts to LFS and MOE at the end of each year. City staff advised that all expenditures are both MOE and LFS eligible expenditures. Crowe selected 15 direct expenditures from the total population of expenditures for inspection. Expenditures inspected totaled \$662,388, representing 52% of the total population of LFS and MOE direct expenditures of \$1,265,098. The expenditures tested were allowable under both the MOE and LFS guidelines. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Local Fair Share expenditures for the Fiscal Year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling (\$4,135) listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. Crowe found that the interest was negative due to unrealized losses of investment market value at year end, as required by government accounting standards. We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were noted as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Costa Mesa, California
March 28, 2023

CITY OF RANCHO SANTA MARGARITA, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

SCHEDULE A

Maintenance of Effort (MOE) Expenditures:

Maintenance

Street Lights & Traffic Signals	\$ 260,000
Other Street Purpose Maintenance	<u>428,337</u>

Total MOE Expenditures \$ 688,337

Measure M2 Local Fair Share Expenditures (Schedule 4):

Antonio Parkway Gateway Improvements 410-900-916.003	\$ 20,130
Traffic Signal Enhancements 410-900-921.005	107,155
Traffic Signal System Maintenance 410-900-921.009	10,203
Street Maintenance	326,746
Traffic Signal Maintenance	<u>112,527</u>

Total Measure M2 Local Fair Share Expenditures \$ 576,761

Total MOE and Measure M2 Local Fair Share Expenditures \$ 1,265,098

Note: The above amounts were taken directly from the financial records of the City of Rancho Santa Margarita and were not audited.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF SAN JUAN CAPISTRANO

Board of Directors
Orange County Local Transportation Authority and
the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of San Juan Capistrano's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, division codes, account codes, and department codes. MOE expenditures are identified in the General Fund (01) followed by a 5-digit division code, 5-digit account code, and a 3-digit department code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022, were \$2,577,297 (see Schedule A), which exceeded the MOE benchmark requirement of \$492,518. We agreed the total expenditures of \$2,577,297 to the amount reported on the City's Expenditure Report (Schedule 3, line 18). No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 25 direct MOE expenditures totaling \$490,015, which represented approximately 37% of direct MOE expenditures of \$1,335,394 for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as MOE expenditures for the fiscal year ended June 30, 2022. We agreed \$1,241,903 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 18 charges for inspection with a total amount of \$268,206 representing 22% of the total MOE indirect costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included maintenance labor charges for the Public Works department. Upon inspecting the supporting documentation for the samples selected, we determined that the indirect MOE costs were properly classified as indirect expenditures and based upon a reasonable and appropriate methodology. No exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$2,080,345 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$1,057,844 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

Findings: The LFS expenditures were tracked in the City's general ledger by fund and Account Number. The City recorded its LFS expenditures in its Capital Projects Fund (50) and various account numbers. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2022 were \$229,913 (see Schedule A), which agreed to the City's Expenditure Report. (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

(Continued)

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven Year CIP, without any exception. We selected 20 Measure M2 Local Fair Share direct expenditures for inspection totaling \$134,914 representing approximately 64% of total Measure M2 direct Local Fair Share expenditures of \$211,756 for the fiscal year ended June 30, 2022. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects included in the City's Seven-Year CIP and were properly classified as Measure M2 Local Fair Share projects. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, indirect costs were identified as Local Fair Share expenditures for the fiscal year ended June 30, 2022. We agreed \$18,157 of indirect costs per the Expenditure Report (Schedule 3, line 1) to the general ledger detail. We selected 15 charges for inspection with a total amount of \$9,415 representing 52% of the total indirect Local Fair Share costs. We recomputed the selected indirect costs using the City's allocation methodology and identified no exceptions. The indirect costs included allocated general city and department/divisional overhead. Upon inspecting the supporting documentation for the samples selected, we determined that the expenditures were properly classified as indirect Local Fair Share costs and were allowable per the Ordinance and percentages allocated to Local Fair Share were justifiable. In addition, the indirect LFS costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling (\$17,192) listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. Crowe found that the interest was negative due to the unrealized loss of investment market value at year end, as required by government accounting standards. We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure.

(Continued)

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 23, 2023

CITY OF SAN JUAN CAPISTRANO, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 1,241,903
Maintenance	
Patching	\$ 188,544
Street Lights & Traffic Signals	487,945
Storm Damage	69,719
Other Street Purpose Maintenance	<u>589,186</u>
Total MOE Expenditures	<u>\$ 2,577,297</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
Camino Capistrano Pavement Rehabilitation	\$ 181,104
Indirect Cost Administration Overhead	18,157
Pavement Management Program	<u>30,652</u>
Total Measure M2 Local Fair Share Expenditures	<u>\$ 229,913</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u><u>\$ 2,807,210</u></u>

Note: The above amounts were taken directly from the financial records of the City of San Juan Capistrano and were not audited.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
CITY OF VILLA PARK

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Villa Park's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue, and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Describe which funds the Eligible Jurisdiction used to track all street and road expenditures and inquire how the Eligible Jurisdiction identifies Maintenance of Effort (MOE) expenditures in its general ledger.

Findings: The MOE expenditures were tracked in the City's general ledger by fund, department codes, division codes, and object codes. The City records its MOE expenditures in its General Fund (001) and is identified by an 8-digit account number composed of a 2-digit department code, 2-digit division code, and 4-digit object code. No exceptions were found as a result of this procedure.

2. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2022 and determine whether the Eligible Jurisdiction met the minimum MOE requirement as outlined in the Measure M2 Eligibility Guidelines Fiscal Year 2021/2022. Agree the total MOE expenditures to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 18). Explain any differences.

Findings: The City's MOE expenditures for the fiscal year ended June 30, 2022, were \$480,163 (see Schedule A, which exceeded the MOE benchmark requirement of \$373,104. We agreed the total expenditures of \$480,163 to the amount reported on the City's Expenditure Report (Schedule 3, line 18), with no differences. No exceptions were found as a result of this procedure.

(Continued)

3. Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 21 direct MOE expenditures totaling \$298,050, which represented approximately 70% of direct MOE expenditures of \$424,877 for fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation and through discussion with the City's accounting personnel, Crowe found that one expenditure related to the City-wide electricity bill in the amount of \$1,535 was mistakenly inputted into the MOE expenditure detail under traffic and street lights. Per our discussion with the City, this expenditure does not relate to the traffic and street lights as it only relates to the Civic Center. As a result, this amount is considered disallowed, and should be removed from the total MOE expenditures. However, after removing this transaction from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

4. Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 15 indirect MOE costs for inspection totaling \$36,042, representing 65% of the total indirect MOE costs of \$55,286. The City contracts with a vendor to provide staff augmentation for various engineering services and allocated 50% of the contract costs to MOE; however, the City did not provide supporting documentation for a reasonable methodology used to support this allocation. As a result, the total amount of indirect costs was removed from MOE expenditures. However, after removing these costs, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

5. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2022 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. Explain any differences.

Findings: The City received \$300,380 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We agreed the fund balance of \$135,608 from the general ledger detail to the City's Expenditure Report (Schedule 1, line 20), with no differences. We determined funds were expended within three years of receipt. No exceptions were found as a result of this procedure.

6. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.

(Continued)

Findings: The LFS expenditures were tracked in the City's general ledger by fund, department codes, division codes, and object codes. The City records its LFS expenditures in its Measure M2 Fund (05) and is identified by an 8-digit account number composed of a 2-digit department code, 2-digit division code, and 4-digit object code. Total Measure M2 Local Fair Share expenditures per the general ledger during the fiscal year ended June 30, 2022, were \$51,878, which agreed to the City's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). No exceptions were found as a result of this procedure.

7. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction's Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.

Findings: We compared the projects listed on the City's Expenditure Report (Schedule 4) to the Seven-Year CIP, without any exception. We selected three direct Measure M2 Local Fair Share expenditures for inspection totaling \$51,878 and representing 100% of total direct Measure M2 Local Fair Share expenditures of \$51,878 for the fiscal year ended June 30, 2022. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were related to projects listed on the Seven-Year CIP and were properly classified. No exceptions were found as a result of this procedure.

8. Identify whether indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Based upon inspection of the general ledger detail, the Expenditure Report (Schedule 3, line 1), and discussion with the City's accounting personnel, no indirect costs were identified as Measure M2 Local Fair Share expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Obtain and inspect the Eligible Jurisdiction's interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 4). Explain any differences.

Findings: We inspected the amount of interest allocated to the Measure M2 Local Fair Share Fund and agreed the amount reflected to the amount of interest totaling (\$1,135) listed on the City's Expenditure Report (Schedule 2, line 4). We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. Crowe found that the interest was negative due to the unrealized loss of investment market value at year end, as required by government accounting standards. We inspected the interest allocation methodology and recomputed the amount based on the interest allocation methodology. No exceptions were found as a result of this procedure. No exceptions were found as a result of this procedure.

10. Determine whether the Jurisdiction was found eligible by the Board of Directors for the applicable year (FY22) by inspecting the OCLTA Board agenda and action items.

Findings: No exceptions were found as a result of this procedure.

(Continued)

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 22, 2023

CITY OF VILLA PARK, CALIFORNIA
SCHEDULE OF MEASURE M2 LOCAL FAIR SHARE EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Maintenance of Effort (MOE) Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 55,286
Construction & Right-of-Way	
Street Reconstruction	34,457
Maintenance	
Overlay & Sealing	\$ 90,945
Street Lights & Traffic Signals	24,802
Other Street Purpose Maintenance	<u>274,673</u>
Total MOE Expenditures	<u>\$ 480,163</u>
Measure M2 Local Fair Share Expenditures (Schedule 4):	
FY 21-22 Street Slurry Seal Project	\$ 51,878
Total Measure M2 Local Fair Share Expenditures	<u>\$ 51,878</u>
Total MOE and Measure M2 Local Fair Share Expenditures	<u>\$ 532,041</u>

Note: The above amounts were taken directly from the financial records of the City of Villa Park and were not audited.



City of Villa Park

17855 Santiago Boulevard, Villa Park, California 92861-4187
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March 22, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Local Fair Share program for the City of Villa Park as of and for the fiscal year ended June 30, 2022.

Procedure #3

Select a sample of MOE expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.

Findings: We selected 21 direct MOE expenditures totaling \$298,050, which represented approximately 70% of direct MOE expenditures of \$424,877 for fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to supporting documentation provided by the City. After inspecting the supporting documentation and through discussion with the City's accounting personnel, Crowe found that one expenditure related to the City-wide electricity bill in the amount of \$1,535 was mistakenly inputted into the MOE expenditure detail under traffic and street lights. Per our discussion with the City, this expenditure does not relate to the traffic and street lights as it only relates to the Civic Center. As a result, this amount is considered disallowed, and should be removed from the total MOE expenditures. However, after removing this transaction from total MOE expenditures, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure

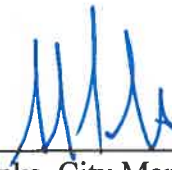
City's Response: The City agrees with the finding. The City has implemented procedures to ensure that transactions are entered and posted to general ledger accounts accurately.

Procedure #4

Identify whether indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.

Findings: We selected 15 indirect MOE costs for inspection totaling \$36,042, representing 65% of the total indirect MOE costs of \$55,286. The City contracts with a vendor to provide staff augmentation for various engineering services and allocated 50% of the contract costs to MOE; however, the City did not provide a written methodology used to support this allocation. As a result, the total amount of indirect costs were removed from MOE expenditures. However, after removing these costs, the City continued to meet the MOE benchmark requirement. No other exceptions were found as a result of this procedure.

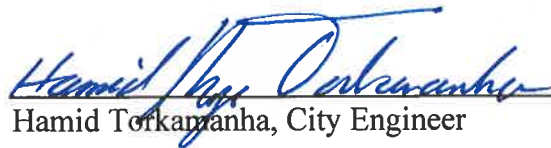
City's Response: The City has an on-going contract with consulting firm for engineering professional services to act in a staff capacity as City Engineer and Assistant Engineer in the areas of project management, construction inspections, surveying, grant management, pavement management, and any other engineering related matters for City's streets, storm drains, and other infrastructures. The City agrees with the finding. The City will develop a written methodology for allocation purposes.



Steve Franks, City Manager



Lee Siow, Finance Director



Hamid Torkamanha, City Engineer

**SUMMARY OF AGREED-UPON PROCEDURES REPORTS
 Orange County Local Transportation Authority
 Measure M2 Senior Mobility Program for the Year Ended June 30, 2022**

City	Result	City Management Response
City of Anaheim (Anaheim)	Anaheim did not allocate interest to Senior Mobility Program (SMP) funds. Anaheim should have allocated \$12,202 of interest revenues to the program.	Management will submit an amended expenditure report to include the interest revenue. Management will also implement procedures to ensure interest revenue is reported.
City of Garden Grove	Three of four monthly reports tested were not submitted within 30 days of month end, as required.	Management asserted that this issue has been addressed and that cross-training has been implemented to ensure timely filing moving forward.
The City of Huntington Beach (Huntington Beach)	Huntington Beach reported \$266,154 of direct SMP expenditures as indirect expenditures on its expenditure report.	Management will review reporting processes and implement procedures to ensure accurate reporting of expenditures.
	Based on inquiry, Huntington Beach does not verify participant age as part of the process for determining eligibility. Participants call and provide a birthdate to certify their age and sign up for services.	Management will update its intake procedure to include verification of age and residency.
The City of Santa Ana (Santa Ana)	Santa Ana reported \$12,711 in indirect SMP expenditures as direct expenditures on its expenditure report.	Management responded that future expenditure reports will be completed as indicated.
	One of four monthly reports tested were not submitted within 30 days of month end, as required.	Management responded that staff will ensure that reports are submitted timely going forward.

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

MEASURE M2 SENIOR MOBILITY PROGRAM

AGREED-UPON PROCEDURES REPORTS

Year Ended June 30, 2022

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR MOBILITY
PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2022

The cities listed below were selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2022. Please refer to the individual divider tab for our report on each Agency.

Anaheim

Garden Grove

Huntington Beach

Santa Ana

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF ANAHEIM

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Anaheim's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by fund, department codes, and object code. The City recorded its Senior Mobility Program expenditures in its General Fund (101), department code (213), and object code (7278). The City did not report any program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2022, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2022, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$900,882 for the past three years fiscal years ended June 30, 2020, 2021, and 2022. We compared the fund balance of \$657,466 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$657,466; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$310,663 during the fiscal year ended June 30, 2022, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, there should have been \$12,202 of interest revenues allocated to the fiscal year ended June 30, 2022. We inspected the interest allocation methodology. The City of Anaheim methodology for interest calculation was to calculate the average monthly cash balance, then using the City Treasurer's investment portfolio interest rates. Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program must purchase travel vouchers from the City prior to their trip. No other exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2022.

Findings: The City did not have any expenditures during the year that were related to the Senior Mobility Program; therefore, the matching requirement was not applicable for the City. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inspected the Expenditure report and also the general ledger detail and found that there were no expenditures related to the Senior Mobility Program recorded. In addition, we obtained the expenditure detail support related to the Senior Mobility Program and found no expenditures using SMP funding occurred. As a result, we did not select any expenditures for inspection. No exceptions were found as a result of this procedure.

(Continued)

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The City then verifies that the applicant is a resident of the City of Anaheim, and 60 years or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on discussion with City personnel and inspection of the general ledger detail of expenditures, the City was not currently in an engagement with a contractor that was determined using a competitive procurement process. Due to the COVID-19 Pandemic, their original service provider (Keolis Transit) was no longer able to provide services for the City. Since the contract between the City and Keolis was terminated early, the City was unable to conduct a competitive procurement process as required by the SMP Guidelines under section 6.0. The City did not claim SMP funding for FY22 because the City was aware that they were not in compliance with the competitive procurement requirements. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Determine whether the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on interview with City personnel and inspection of the general ledger detail of expenditures, the City used a contracted provider that was not competitively procured and, therefore, did not claim any funding under the Senior Mobility Program. As a result, we did not perform the procedures listed above.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: The City did not submit monthly summary operations reports to OCLTA because they did not claim Senior Mobility Program funding for operations. No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 29, 2023

CITY OF ANAHEIM, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	-
Total Measure M2 Senior Mobility Program Expenditures	<u>\$ -</u>

Note: The above amounts were taken directly from the financial records of the City of Anaheim and were not audited.



City of Anaheim
FINANCE DEPARTMENT

Exhibit 1

March 29, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Anaheim as of and for the fiscal year ended June 30, 2022.

Procedure #4


Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.


Findings: Based on the Expenditure Report (Schedule 2, line 8 – Project U), the City reported \$0 in interest revenue. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, there should have been \$12,202 of interest revenues allocated to the fiscal year ended June 30, 2022. We inspected the interest allocation methodology. The City of Anaheim methodology for interest calculation was to calculate the average monthly cash balance, then using the City Treasurer's investment portfolio interest rates. Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. Eligible participants of the Senior Mobility Program must purchase travel vouchers from the City prior to their trip. No other exceptions were found as a result of this procedure.

City's Response:

The City will submit amended fiscal year 2022 M2 Expenditure Report to include the interest revenue to OCTA for consideration. The City will also implement procedures going forward to ensure interest revenue for the Senior Mobility Program is reported in the M2 Expenditure Report.


Jim Vanderpool
City Manager


Deborah A. Moreno
Finance Director/City Treasurer


Sjanya Larson-Cash
Community Services Director

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Anaheim, California 92805

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF GARDEN GROVE

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Garden Grove's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked and recorded in the general ledger by general fund (111), Federal Grants (242), and Measure M2-CTFP (248), followed by a 7-digit number. The City reported \$84,745 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U) which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2022, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2022, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$550,723 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We compared the fund balance of \$361,727 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 21) of \$361,727; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$210,100 during the fiscal year ended June 30, 2022, to the general ledger detail and to the amount listed as received on the City's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$1,324, which was calculated by determining the percentage of Senior Mobility Program (SMP) quarterly cash balance in the Measure M2 CTFP Fund. The Senior Mobility Program cash balance percentage was then applied to the quarterly interest income generated by all funds. The City reported \$1,324 of interest income for the year ended June 30, 2022 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services to the City's senior center, however they charged \$4 for all other one-way trips. We deemed that the fare collection methodology was adequate to ensure the program revenue was credited to the Measure M2 Senior Mobility Program Fund. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2022.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$43,720 which was approximately 34% of the total expenditures of \$128,465 (M2 funded portion of \$84,745 and City's matching portion of \$43,720) which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$52,129 representing approximately 62% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired with management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the Senior Transportation Program must fill out an application and provide a form of state ID. The City then verifies that the applicant is a resident of the City of Garden Grove, and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with CABCO Yellow, Inc. to provide senior transportation services under the Senior Mobility Program. From inspecting the CABCO Yellow, Inc. procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Determine whether the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

Findings: Based on interview with City personnel and inspection of general ledger detail of expenditures, the City did not contract with a third-party provider to provide senior transportation services under the Senior Mobility Program. As a result, we did not perform the procedures listed above.

(Continued)

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2021, December 2021, February 2022, and June 2022). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2021	December 30, 2022	January 24, 2022	25
December 2021	January 30, 2022	January 24, 2022	-
February 2022	March 30, 2022	April 1, 2022	2
June 2022	July 30, 2022	August 3, 2022	4

Through inspection, we determined that three of the four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City’s management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City’s responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City’s responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.

Crowe LLP

Costa Mesa, California
March 28, 2023

CITY OF GARDEN GROVE, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2022
(Unaudited)

	SCHEDULE A
Measure M2 Senior Mobility Program Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>84,745</u>
Total Measure M2 Senior Mobility Program Expenditures	<u>\$ 84,745</u>

Note: The above amounts were taken directly from the financial records of the City of Garden Grove and were not audited.

Exhibit 1

March 28, 2023

Board of Directors
 Orange County Local Transportation Authority
 and the Taxpayers Oversight Committee of the
 Orange County Local Transportation Authority
 Orange, California

Steve Jones
 Mayor
George S. Brietigam
 Mayor Pro Tem - District 1
John R. O'Neill
 Council Member - District 2
Cindy Ngoc Tran
 Council Member - District 3
Joe DoVinh
 Council Member - District 4
Stephanie Klopfenstein
 Council Member - District 5
Kim Bernice Nguyen
 Council Member - District 6

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Garden Grove as of and for the fiscal year ended June 30, 2022.

Procedure #11

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2021, December 2021, February 2022, and June 2022). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2021	December 30, 2022	January 24, 2022	25
December 2021	January 30, 2022	January 24, 2022	-
February 2022	March 30, 2022	April 1, 2022	2
June 2022	July 30, 2022	August 3, 2022	4

Through inspection, we determined that three of the four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

City's Response:


The delay in filing the monthly reports cited above was primarily due to internal staff changes and the gap created accordingly. The City's program coordinator resigned from her position in late 2021. Timely report filing was adversely impacted for several months until a new employee was hired to oversee the program. This issue has been addressed and corrected. Additionally, cross training has been

completed to ensure coverage and program administrative task list was developed to address timely filing moving forward.



City Manager

3/28/23
Date



Director of Finance

3/28/2023
Date



Director of Community Services

3/28/23
Date

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF HUNTINGTON BEACH

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Huntington Beach's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by account number. The City recorded its expenditures in Senior Mobility Program Fund (963) and various account numbers. The City reported \$266,154 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2022, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2022, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$815,108 for the past three fiscal years ended June 30, 2020, 2021, and 2022. We compared the fund balance of \$115,543 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 21) of \$115,543; no differences were identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$310,963 during the fiscal year ended June 30, 2022, to the general ledger detail and to the amount listed of \$310,963, as received on the City's Expenditure Report (Schedule 2, line 8 for Project U). No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$622, which was calculated by determining the City's total interest for the month, which is then compared to the total cash balance for all funds to create a monthly interest rate to be used for all funds. The interest percentage is then applied to the monthly cash balance of the Senior Mobility Program (SMP). We recalculated each month's interest rate, which was then applied to the SMP cash balance. The City reported \$622 of interest income for the year ended June 30, 2022, which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's general ledger detail regarding fare collection methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2022.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching, and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$70,164, which was approximately 21% of the total expenditures of \$336,318 (M2 funded portion of \$266,154 and City's matching portion of \$70,164), which agreed to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We identified that the City reported Senior Mobility Program indirect costs totaling \$266,154 on (Schedule 3, line 1) of the Expenditure Report. However, per our discussion with the City, inspection of the general ledger expenditure detail, and testing of the expenditure detail, these costs were improperly reported, and should have been reported as SMP direct charges under (Other) charges on the City's Expenditure Report (Schedule 3, line 17). We then selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$30,823 representing approximately 12% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to invoices provided by the City and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No other exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided to eligible participants. To use the transportation program, they must be residents of the City and 60 years or older. To register, they must make a phone call and provide their birthdate and Huntington Beach residency to self-certify their age. The information is recorded by dispatchers in the transportation program's software. Only individuals on the eligibility list can book a ride and detailed statistics are kept, including miles driven, hours per vehicle, passenger count, and driver identification. However, the current procedures do not include verification of age and proof of residency. No other exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel and inspection of the general ledger detail of expenditures, the City did not contract with a third-party provider to provide senior transportation services under the Senior Mobility Program. As a result, we did not perform the procedures listed above.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Determine whether the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

(Continued)

Findings: We obtained and inspected the insurance coverage for the City of Huntington Beach. Crowe notes that the City used in-house staff to provide services for the Senior Mobility Program and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2021, December 2021, February 2022, and June 2022). Through inspection, we determined all four reports were timely submitted within 30 days of the following month end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2021	December 30, 2022	December 7, 2021	-
December 2021	January 30, 2022	January 4, 2022	-
February 2022	March 30, 2022	March 9, 2022	-
June 2022	July 30, 2022	June 11, 2022	-

No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 28, 2023

CITY OF HUNTINGTON BEACH, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2022
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:

Indirect and/ or Overhead - Schedule 3, line 1	\$ -
Other Senior Mobility Project U	<u>266,154</u>
Total Measure M2 Senior Mobility Program Expenditures	<u>\$ 266,154</u>

Note: The above amounts were taken directly from the financial records of the City of Huntington Beach and were not audited.



CITY OF HUNTINGTON BEACH

Finance Department

March 28, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Huntington Beach as of and for the fiscal year ended June 30, 2022.

Procedure #6

Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We identified that the City reported Senior Mobility Program indirect costs totaling \$266,154 on (Schedule 3, line 1) of the Expenditure Report. However, per our discussion with the City, inspection of the general ledger expenditure detail, and testing of the expenditure detail, these costs were improperly reported, and should have been reported as SMP direct charges under (Other) charges on the City's Expenditure Report (Schedule 3, line 17). We then selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$30,823 representing approximately 12% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to invoices provided by the City and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. No other exceptions were found as a result of this procedure.

City's Response:

They City will review its current financial reporting processes and implement procedures to ensure total expenditures are reported accurately and in the proper category.


Procedure #7

Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided to eligible participants. To use the transportation program, they must be residents of the City and 60 years or older. To register, they must make a phone call and provide their birthdate and Huntington Beach residency to self-certify their age. The information is recorded by dispatchers in the transportation program's software. Only individuals on the eligibility list can book a ride and detailed statistics are kept, including miles driven, hours per vehicle, passenger count, and driver identification. However, the current procedures do not include verification of age and proof of residency. No other exceptions were found as a result of this procedure.

City's Response:

The City of Huntington Beach will update its intake procedure to include the verification of age and residency requirements for existing and new riders.



Al Zelinka, City Manager 3/27/23
Date



Sunny Han, Acting Chief Financial Officer 3/28/2023
Date



Ashley Wysocki 3/28/23
Date
Acting Community and Library Services Director

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
CITY OF SANTA ANA

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the City of Santa Ana's (City) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2022. The City's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the City compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2022. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2022. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.

Findings: The City's expenditures related to the Measure M2 Senior Mobility Program were tracked in the general ledger by accounting unit, account, and activity number. The City reported \$126,781 in program expenditures on the Expenditure Report (Schedule 2, line 21 for Project U), which agreed to the M2 funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2022, agree to the balance as listed on the Eligible Jurisdictions' Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt or within five years, if an extension was granted. For payments received during the fiscal year ended June 30, 2022, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.

Findings: The City received \$744,466 for the past three fiscal years ended June 30, 2020, 2021 and 2022. We compared the fund balance of \$492,678 from the general ledger detail to the fund balance reported in the City's Expenditure Report (Schedule 1, line 24) of \$492,678; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$262,539 during the fiscal year ended June 30, 2022, to the general ledger detail and to the amount listed of \$262,539 as received on the City's Expenditure Report (Schedule 2, line 8 for Project U). No exceptions were identified as a result of this procedure.

4. Determine if the Eligible Jurisdiction's interest allocation and fare collection methodologies are adequate to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.

Findings: We obtained and inspected the City's interest allocation methodology. We identified interest income of \$3,497, which was calculated by taking the monthly unspent cash balance for the Senior Mobility Program and dividing it by the total adjusted monthly cash balance for all funds. This percentage of allocation is then multiplied by the total amount of interest to be allocated for all funds leaving the final interest allocated to the Senior Mobility Program. The City reported \$3,497 of interest income for the year ended June 30, 2022 which agreed to the City's Expenditure Report (Schedule 2, line 8 for Project U). Additionally, we inquired of City personnel and inspected the City's General Ledger detail regarding fare collections methodologies. The City did not charge fares for senior transportation services during the year. No exceptions were found as a result of this procedure.

5. Determine that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total annual formula allocation (i.e., accrual-basis funding allocation) for the fiscal year ended June 30, 2022.

Findings: We received the City's general ledger detail of matching expenditures, scanned for the types and sources of matching and agreed to supporting documentation, such as invoices, to determine whether the match amounts were justifiable and acceptable under the Ordinance and Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines. The total match expenditures amounted to \$31,695 which was 20% of the total expenditures of \$158,476 (M2 funded portion of \$126,781 and City's matching portion of \$31,695) which agrees to the City's general ledger detail of the M2 total expenditures. No exceptions were found as a result of this procedure.

6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

(Continued)

Findings: We selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$63,416 representing approximately 56% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to invoices provided by the City and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. However, Crowe identified \$12,711 of direct costs that should have been reported as indirect costs for Measure M2 Senior Mobility Program for the fiscal year ended June 30, 2022. No other exceptions were found as a result of this procedure.

7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Anyone who wants to join the Senior Transportation Program is required to complete a Registration Application, specifying DOB, place of residence, along with a photo ID. All applicants must be SA residents and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the Cooperative Agreement. The City also maintains a copy of each application and the forms of verification on file. No exceptions were found as a result of this procedure.

8. Identify whether administrative costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, confirm that administrative costs do not exceed 10 percent, as dictated in Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines.

Findings: Based on the Expenditure Report (Schedule 3, line 1), the City reported \$0 in administrative costs. Per discussion with the City's accounting personnel and inspection of the general ledger expenditure detail, no administrative costs were identified as Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. No exceptions were found as a result of this procedure.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with City personnel, the City contracted with American Transportation, Inc. to provide senior transportation services under the Senior Mobility Program. From inspecting the American Transportation, Inc. procurement document, we found that the contractor was selected using a competitive procurement process. In addition, per inspection of the original contract, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Determine whether the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

(Continued)

Findings: We obtained and inspected the insurance coverage for the contractor, and determined that the requirements established in the Cooperative Agreement were met. Additionally, the current year proof of insurance for the City's contractor was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

11. Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.

Findings: We sampled four monthly summary reports (November 2021, December 2021, February 2022, and June 2022). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2021	December 30, 2022	December 28, 2021	-
December 2021	January 30, 2022	February 28, 2022	-
February 2022	March 30, 2022	April 2, 2022	3
June 2022	July 30, 2022	September 28, 2022	-

Through inspection, we determined that one out of four reports were not submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

At the request of OCLTA, the City's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the City's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.



Crowe LLP

Costa Mesa, California
March 29, 2023

CITY OF SANTA ANA, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR MOBILITY PROGRAM EXPENDITURES
Year ended June 30, 2022
(Unaudited)

SCHEDULE A

Measure M2 Senior Mobility Program Expenditures:

Indirect and/ or Overhead - Schedule 3, line 1	\$ 12,771
Other Senior Mobility Project U	<u>114,010</u>

Total Measure M2 Senior Mobility Program Expenditures	<u>\$ 126,781</u>
--	--------------------------

Note: The above amounts were taken directly from the financial records of the City of Santa Ana and were not audited.

MAYOR
Valerie Amezcua
MAYOR PRO TEM
Jessie Lopez
COUNCILMEMBERS
Phil Bacerra
Johnathan Ryan Hernandez
David Penaloza
Thai Viet Phan
Benjamin Vazquez



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
CITY CLERK
Jennifer L. Hall

CITY OF SANTA ANA
20 Civic Center Plaza • P.O. Box 1988
Santa Ana, California 92702
www.santa-ana.org

Exhibit 1

March 29, 2023

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Mobility program for the City of Santa Ana as of and for the fiscal year ended June 30, 2022.

Procedure #6

Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
- b. Determine whether the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We selected 25 Measure M2 Senior Mobility Program expenditures for inspection totaling \$63,416 representing approximately 56% of total Measure M2 Senior Mobility Program expenditures for the fiscal year ended June 30, 2022. Crowe agreed the dollar amount listed on the general ledger to invoices provided by the City and determined that the expenditures selected were used exclusively for the Senior Mobility Program and met the requirements outlined in the Measure M2 Project U Senior/ Disabled Program Funding Policy Guidelines and the Cooperative Agreement. However, Crowe identified \$12,711 of direct costs that should have been reported as indirect costs for Measure M2 Senior Mobility Program for the fiscal year ended June 30, 2022. No other exceptions were found as a result of this procedure.

SANTA ANA CITY COUNCIL

Valerie Amezcua
Mayor
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Jessie Lopez
Mayor Pro Tem, Ward 3
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Johnathan Ryan Hernandez
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David Penaloza
Ward 6
dpenaloza@santa-ana.org

City's Response:

The City has been informed that indirect costs need to be specifically identified on line 1 of the M2 Expenditure Report. All future reports will be completed accordingly.

Procedure #11

Obtain and sample four monthly summary operations reports and determine whether the reports were properly prepared and submitted within 30 days after the end of the service month.


Findings: We sampled four monthly summary reports (November 2021, December 2021, February 2022, and June 2022). Orange County Local Transportation Authority (OCLTA) staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
November 2021	December 30, 2022	December 28, 2021	-
December 2021	January 30, 2022	February 28, 2022	-
February 2022	March 30, 2022	April 2, 2022	3
June 2022	July 30, 2022	September 28, 2022	-

Through inspection, we determined that three out of four reports were submitted within 30 days of month end to OCLTA. No other exceptions were found as a result of this procedure.

City's Response:

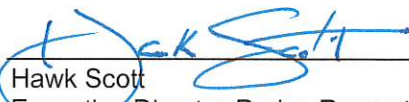
Due to an oversight, the City missed the due date of March 30, 2022 by 3 days. Moving forward, city staff will work with its team to make sure that the reports are submitted on time. City staff will take into consideration any staff planned and unplanned time off when gathering the data, make sure to complete the report by the 3rd Friday of the month, giving sufficient time to review, finalize and submit by the 30th of the month. This new process and timeline will be implemented effective immediately.



Kristine Ridge
City Manager



Kathryn Downs
Executive Director-Finance & Management Services



Hawk Scott
Executive Director-Parks, Recreation & Community Services

SANTA ANA CITY COUNCIL

Measure M Jurisdictions - Suggested Selection for FY2023

Agency	Local Fair Share						SMP & SNEMT				
	Last Audit	No. of Findings Last Audit	Allocations FY 6/30/22	Allocations FY 6/30/23 as of 4/28/23	Allocations Since Inception as of 4/28/23	% of Total	Last Audit	No. of Findings Last Audit	Allocations FY 6/30/22	Allocations FY 6/30/23 as of 4/28/23	Expenditures Per Agency Self-Report as of 4/28/23
a Aliso Viejo	2018	1	846,159.31	626,304.99	6,446,217.75	1.02%	n/a	0	33,612.84	24,982.32	17,386.78
Anaheim	2019	1	7,419,518.15	5,373,074.76	66,420,702.14	10.46%	2022	1	364,055.66	270,579.79	47,587.63
Brea	2020	1	1,205,652.87	900,003.61	11,370,419.57	1.79%	2020	2	57,146.68	42,473.54	27,059.05
a Buena Park	2018	2	1,901,251.59	1,432,205.28	17,700,723.28	2.79%	2017	1	97,818.04	72,702.03	43,716.85
Costa Mesa	2020	1	3,096,611.23	2,357,321.90	29,079,423.87	4.58%	2020	0	117,305.75	87,186.01	67,478.79
Cypress	2022	2	1,142,251.48	811,013.21	10,463,447.89	1.65%	2020	0	69,688.90	51,795.39	23,050.67
Dana Point	2019	1	738,384.38	538,504.94	6,669,490.75	1.05%	2019	2	66,523.06	49,442.42	56,264.09
Fountain Valley	2021	0	1,339,332.23	990,251.88	12,346,682.23	1.95%	2019	0	107,323.67	79,766.94	29,903.43
b Fullerton	2021	1	2,852,067.38	2,119,939.63	25,994,002.86	4.09%	2016	5	175,478.08	130,421.86	55,658.14
Garden Grove	2019	0	3,274,981.47	2,366,448.97	29,686,099.27	4.68%	2022	1	210,100.44	156,154.50	104,957.34
Huntington Beach	2019	2	4,290,054.59	3,116,532.86	38,849,883.40	6.12%	2022	2	310,963.21	231,119.45	109,987.00
Irvine	2022	1	6,226,961.69	4,856,331.19	55,221,643.52	8.70%	2021	1	226,511.14	168,351.53	125,572.48
c Laguna Beach	2022	2	529,931.94	397,871.95	5,039,608.90	0.79%	n/a	0	50,742.31	37,713.56	94,958.23
Laguna Hills	2020	4	731,430.26	531,985.29	6,759,224.71	1.06%	2020	3	47,358.42	35,198.53	6,466.80
Laguna Niguel	2021	1	1,463,177.58	1,048,053.42	13,253,679.33	2.09%	2017	4	99,659.43	74,070.58	5,718.00
Laguna Woods	2021	0	276,607.10	211,682.42	2,540,769.80	0.40%	2017	0	115,811.67	86,075.55	12,041.08
La Habra	2019	2	1,194,452.28	854,690.14	10,567,692.43	1.66%	2019	2	73,686.58	54,766.62	64,131.50
Lake Forest	2020	0	1,788,098.63	1,314,754.63	15,939,363.32	2.51%	2018	0	90,242.64	67,071.70	41,723.55
La Palma	2020	1	302,060.92	222,954.37	3,136,180.82	0.49%	n/a				
Los Alamitos	2022	3	284,090.37	206,444.03	2,582,983.13	0.41%	n/a				
b Mission Viejo	2019	2	1,969,029.33	1,429,789.20	18,471,125.70	2.91%	2016	3	156,248.84	116,129.96	21,223.29
b Newport Beach	2021	2	2,378,931.06	1,723,949.77	21,889,642.99	3.45%	2016	1	177,820.16	132,162.58	67,540.94
a Orange	2018	2	3,657,266.18	2,645,566.79	33,004,853.05	5.20%	2022	1	168,896.05	125,529.84	84,018.55
Placentia	2020	3	1,037,233.25	759,984.06	9,231,849.21	1.45%	2020	1	-	-	-
Rancho Santa Margarita	2022	0	930,570.20	667,325.80	8,435,782.80	1.33%	2021	0	35,825.70	26,626.99	25,680.00
San Clemente	2019	1	1,282,606.65	922,793.76	11,317,117.15	1.78%	2019	0	97,309.25	72,323.86	16,522.13
San Juan Capistrano	2022	0	847,977.35	617,087.70	7,595,116.88	1.20%	2017	3	62,089.27	46,147.05	30,430.30
a Santa Ana	2018*	1	6,094,240.95	4,239,518.47	55,247,007.33	8.70%	2022	2	259,041.77	192,529.51	54,639.89
Seal Beach	2019	2	515,984.71	379,703.84	4,914,586.86	0.77%	2021	2	90,186.11	67,029.67	11,466.06
a Stanton	2018*	1	669,470.12	478,982.20	5,965,271.25	0.94%	2020	0	43,328.42	32,203.30	23,705.21
Tustin	2020	2	2,023,597.25	1,477,483.56	17,987,802.75	2.83%	2019	2	75,560.24	56,159.20	80,557.78
Villa Park	2022	2	115,113.99	83,302.18	1,040,183.95	0.16%	n/a	0	14,852.00	11,038.56	3,038.93
Westminster	2019	1	1,846,619.43	1,328,005.10	16,972,439.57	2.67%	2021	1	141,372.60	105,073.39	34,731.00
b Yorba Linda	2021	3	1,347,639.67	964,538.86	12,047,671.92	1.90%	2016	2	95,936.31	71,303.44	56,831.69
County Unincorporated	2019	0	5,763,561.71	3,931,316.25	40,586,492.71	6.39%	n/a				
County - SNEMT							2020	0	3,965,717.63	2,947,469.26	2,390,680.43
Total			71,382,917.30	51,925,717.01	634,775,183.09	100%			7,698,212.87	5,721,598.93	14,555,137.66

a Recommended selection: 5+ year rotation - Local Fair Share

b Recommended selection: 7+ years since last audit - Senior Mobility Program

c Recommended selection: never been audited and expenditure over \$50,000 - Senior Mobility Program

* Maintenance of Effort Agreed-Upon Procedures was performed for Year Ended June 30, 2019 and Year Ended June 30, 2020 for City of Santa Ana by Eide Bailly LLP; and Maintenance of Effort Agreed-Upon Procedures was performed for Year Ended June 30, 2019 for City of Stanton.

x Program suspended on May 31, 2020 due to COVID. Placentia has not resumed service as of April 28, 2023.

LFS	SMP	LFS & SMP	SNEMT
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Measure M2
Schedule of Revenues, Expenditures and Changes in Fund Balance
as of March 31, 2023
(Unaudited)

(\$ in thousands)	Quarter Ended Mar 31, 2023	Year to Date Mar 31, 2023	Period from Inception to Mar 31, 2023
	(A)	(B)	
Revenues:			
Sales taxes	\$ 79,352	\$ 302,779	\$ 3,804,712
Other agencies' share of Measure M2 costs:			
Project related	19,517	35,728	826,291
Non-project related	-	-	454
Interest:			
Operating:			
Project related	402	786	4,286
Non-project related	3,049	7,469	77,537
Bond proceeds	2,876	2,876	90,095
Debt service	273	439	1,525
Commercial paper	-	-	395
Capital grants	-	-	-
Right-of-way leases	19	108	1,592
Proceeds on sale of assets held for resale	-	-	13,428
Donated assets held for resale			
Project related	-	-	2,071
Non-project related	-	-	-
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	129
Total revenues	<u>105,488</u>	<u>350,185</u>	<u>4,822,846</u>
Expenditures:			
Supplies and services:			
Sales tax administration fees	839	2,518	37,898
Professional services:			
Project related	10,540	25,138	512,958
Non-project related	470	1,101	37,152
Administration costs:			
Project related	2,811	8,433	113,678
Non-project related:			
Salaries and Benefits	1,068	3,205	38,822
Other	1,663	4,988	65,588
Other:			
Project related	123	170	6,010
Non-project related	7	37	5,326
Payments to local agencies:			
Project related	29,796	62,141	1,295,590
Non-project related	-	-	-
Capital outlay:			
Project related	51,517	110,505	2,087,755
Non-project related	-	-	32
Debt service:			
Principal payments on long-term debt	19,935	19,935	95,485
Interest on long-term debt and commercial paper	17,474	34,949	319,576
Total expenditures	<u>136,243</u>	<u>273,120</u>	<u>4,615,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,755)</u>	<u>77,065</u>	<u>206,976</u>
Other financing sources (uses):			
Transfers out:			
Project related	(10,690)	(31,593)	(477,509)
Non-project related	-	-	-
Transfers in:			
Project related	1,780	5,332	342,000
Non-project related	-	-	-
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
Total other financing sources (uses)	<u>(8,910)</u>	<u>(26,261)</u>	<u>624,054</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (39,665)</u>	<u>\$ 50,804</u>	<u>\$ 831,030</u>

Measure M2
Schedule of Calculations of Net Revenues and Net Bond Revenues (Debt Service)
as of March 31, 2023
(Unaudited)

(\$ in thousands)	Quarter Ended Mar 31, 2023 (actual)	Year to Date Mar 31, 2023 (actual)	Period from Inception through Mar 31, 2023 (actual)	Period from April 1, 2023 through March 31, 2041 (forecast)	Total
	(C.1)	(D.1)	(E.1)	(F.1)	
Revenues:					
Sales taxes	\$ 79,352	\$ 302,779	\$ 3,804,712	\$ 11,204,625	\$ 15,009,337
Operating interest	3,049	7,469	77,537	434,765	512,302
Subtotal	<u>82,401</u>	<u>310,248</u>	<u>3,882,249</u>	<u>11,639,390</u>	<u>15,521,639</u>
Other agencies share of M2 costs	-	-	454	-	454
Miscellaneous	-	-	129	-	129
Total revenues	<u>82,401</u>	<u>310,248</u>	<u>3,882,832</u>	<u>11,639,390</u>	<u>15,522,222</u>
Administrative expenditures:					
Sales tax administration fees	839	2,518	37,898	98,711	136,609
Professional services	470	1,101	33,377	98,973	132,350
Administration costs:					
Salaries and Benefits	1,068	3,205	38,822	114,285	153,107
Other	1,663	4,988	65,588	192,265	257,853
Other	7	37	2,306	6,915	9,221
Capital outlay	-	-	32	-	32
Environmental cleanup	580	806	48,766	224,057	272,823
Total expenditures	<u>4,627</u>	<u>12,655</u>	<u>226,789</u>	<u>735,206</u>	<u>961,995</u>
Net revenues	<u>\$ 77,774</u>	<u>\$ 297,593</u>	<u>\$ 3,656,043</u>	<u>\$ 10,904,184</u>	<u>\$ 14,560,227</u>
Bond revenues:					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 804,625	\$ -	\$ 804,625
Interest revenue from bond proceeds	2,876	2,876	90,095	67,796	157,891
Interest revenue from debt service funds	273	439	1,525	2,828	4,353
Interest revenue from commercial paper	-	-	395	-	395
Total bond revenues	<u>3,149</u>	<u>3,315</u>	<u>896,640</u>	<u>70,624</u>	<u>967,264</u>
Financing expenditures and uses:					
Professional services	-	-	3,775	-	3,775
Payment to refunded bond escrow	-	-	45,062	-	45,062
Bond debt principal	19,935	19,935	95,485	595,219	690,704
Bond debt and other interest expense	17,474	34,949	319,576	374,840	694,416
Other	-	-	3,020	-	3,020
Total financing expenditures and uses	<u>37,409</u>	<u>54,884</u>	<u>466,918</u>	<u>970,059</u>	<u>1,436,977</u>
Net bond revenues (debt service)	<u>\$ (34,260)</u>	<u>\$ (51,569)</u>	<u>\$ 429,722</u>	<u>\$ (899,435)</u>	<u>\$ (469,713)</u>

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2023
(Unaudited)

Project	Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Mar 31, 2023 (actual)	Expenditures Inception to Mar 31, 2023 (actual)	Reimbursements Inception to Mar 31, 2023 (actual)	(J) - (K) = (L) Net M2 Cost Inception to Mar 31, 2023 (actual)
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
Freeways (43% of Net Revenues)						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 573,893	\$ 144,103	\$ 10,913	\$ 8,786	\$ 2,127
B	I-5 Santa Ana/SR-55 to El Toro	366,559	92,042	24,944	15,450	9,494
C	I-5 San Diego/South of El Toro	765,598	192,240	332,488	52,705	279,783
D	I-5 Santa Ana/San Diego Interchange Upgrades	315,031	79,104	2,838	527	2,311
E	SR-22 Garden Grove Freeway Access Improvements	146,526	36,792	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	446,904	112,217	70,576	40,147	30,429
G	SR-57 Orange Freeway Improvements	315,885	79,318	53,030	12,762	40,268
H	SR-91 Improvements from I-5 to SR-57	170,947	42,924	34,960	824	34,136
I	SR-91 Improvements from SR-57 to SR-55	508,567	127,700	50,573	47,718	2,855
J	SR-91 Improvements from SR-55 to County Line	430,054	107,986	18,362	16,833	1,529
K	I-405 Improvements between I-605 to SR-55	1,309,941	328,924	1,373,770	292,729	1,081,041
L	I-405 Improvements between SR-55 to I-5	390,369	98,021	9,209	6,954	2,255
M	I-605 Freeway Access Improvements	24,421	6,132	5,432	16	5,416
N	All Freeway Service Patrol	183,157	45,990	6,322	-	6,322
	Freeway Mitigation	313,045	78,605	59,975	5,132	54,843
	Subtotal Projects	6,260,897	1,572,098	2,053,397	500,583	1,552,814
	Net (Bond Revenue)/Debt Service	-	-	160,863	-	160,863
	Total Freeways	\$ 6,260,897	\$ 1,572,098	\$ 2,214,260	\$ 500,583	\$ 1,713,677
	%					49.1%
Street and Roads Projects (32% of Net Revenues)						
O	Regional Capacity Program	\$ 1,456,041	\$ 365,609	\$ 805,157	\$ 507,884	\$ 297,273
P	Regional Traffic Signal Synchronization Program	582,391	146,237	103,137	17,459	85,678
Q	Local Fair Share Program	2,620,841	658,088	641,122	77	641,045
	Subtotal Projects	4,659,273	1,169,934	1,549,416	525,420	1,023,996
	Net (Bond Revenue)/Debt Service	-	-	47,133	-	47,133
	Total Street and Roads Projects	\$ 4,659,273	\$ 1,169,934	\$ 1,596,549	\$ 525,420	\$ 1,071,129
	%					30.7%

Measure M2
Schedule of Revenues and Expenditures Summary
as of March 31, 2023
(Unaudited)

Project Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Mar 31, 2023 (actual)	Expenditures Inception to Mar 31, 2023 (actual)	Reimbursements Inception to Mar 31, 2023 (actual)	(J) - (K) = (L) Net M2 Cost Inception to Mar 31, 2023 (actual)
(G)	(H)	(I)	(J)	(K)	(L)
Transit Projects (25% of Net Revenues)					
R High Frequency Metrolink Service	\$ 1,452,167	\$ 352,048	\$ 431,999	\$ 98,927	\$ 333,072
S Transit Extensions to Metrolink	1,285,331	322,744	175,527	2,133	173,394
T Metrolink Gateways	74,421	37,042	98,220	60,956	37,264
U Expand Mobility Choices for Seniors and Persons with Disabilities	504,878	121,007	117,918	88	117,830
V Community Based Transit/Circulators	291,127	73,101	17,084	1,538	15,546
W Safe Transit Stops	32,133	8,069	1,173	26	1,147
Subtotal Projects	3,640,057	914,011	841,921	163,668	678,253
Net (Bond Revenue)/Debt Service	-	-	26,360	-	26,360
Total Transit Projects	\$ 3,640,057	\$ 914,011	\$ 868,281	\$ 163,668	\$ 704,613
%					20.2%
Measure M2 Program					
	\$ 14,560,227	\$ 3,656,043	\$ 4,679,090	\$ 1,189,671	\$ 3,489,419

Project Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Mar 31, 2023 (actual)	Expenditures Inception to Mar 31, 2023 (actual)	Reimbursements Inception to Mar 31, 2023 (actual)	Net M2 Cost Inception to Mar 31, 2023 (actual)
(G)	(H.1)	(I.1)	(J)	(K)	(L)
Environmental Cleanup (2% of Revenues)					
X Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 310,433	\$ 77,645	\$ 48,766	\$ 311	\$ 48,455
Net (Bond Revenue)/Debt Service	-	-	-	-	-
Total Environmental Cleanup	\$ 310,433	\$ 77,645	\$ 48,766	\$ 311	\$ 48,455
%					1.2%

Taxpayer Safeguards and Audits					
Collect Sales Taxes (1.5% of Sales Taxes)	\$ 225,140	\$ 57,071	\$ 37,898	\$ -	\$ 37,898
%					1.0%
Oversight and Annual Audits (1% of Revenues)	\$ 155,216	\$ 38,822	\$ 38,822	\$ (0)	\$ 38,822
%					1.0%

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
1.00	Administrative and General Requirements						
2.00	Has a transportation special revenue fund ("Local Transportation Authority [LTA] Special Revenue Fund") been established to maintain all Revenues?	Sec. 10.1	F & A	One-time, start-up	Done	Sean Murdock	Yes. The LTA Fund (Fund 17) was established for this purpose. A discussion of the fund and its purpose can be found in the OCLTA audited financial statements. Please reference: "FY 2021-22 Report on Agreed-Upon Procedures Applied to M2 Status Reports," dated February 13, 2023.
3.00	Have the imposition, administration and collection of the tax been done in accordance with all applicable statutes, laws, rules, and regulations prescribed and adopted by California Department of Tax and Fee Administration (formerly State Board of Equalization)?	Sec. 3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the Measure M2 (M2) Status Report. Please reference: "FY 2021-22 Report on Agreed-Upon Procedures Applied to M2 Status Reports," dated February 13, 2023.
4.00	Have Net Revenues been allocated solely for the transportation purposes described in the Ordinance?	Sec. 4	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: "FY 2021-22 Report on Agreed-Upon Procedures Applied to M2 Status Reports," dated February 13, 2023.
5.00	"Pay as you go" financing is the preferred method of financing transportation improvements and operations under the Ordinance. Before issuing bonds, has the Authority determined the scope of expenditures made "pay-as-you-go" financing unfeasible?	Sec. 5	F & A, Planning	Recurring	Done to date	Sean Murdock	Yes. Please reference: "Plan of Finance for Early Action Plan," Attachment D, dated November 9, 2007. "Renewed Measure M Early Action Plan Review," dated December 14, 2009. "Paying for M2 – Bond Financing Legal Memo," dated March 5, 2012.
6.00	Have maintenance of effort (MOE) levels been established for each jurisdiction for fiscal year (FY) 2010-2011 pursuant to Ordinance No. 2?	Sec. 6	Planning	One-time, start-up	Done	Adriann Cardoso/ Charvalen Alacar	Yes. The MOE benchmark for each jurisdiction was originally established under Ordinance No. 2. MOE for FY 2010-11 was established and adopted by the OCTA Board of Directors (Board) as part of the M2 Eligibility Guidelines. Please reference: "M2 Local Agency Eligibility Guidelines and Requirements," dated January 25, 2010.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
7.00	Have city MOE levels been adjusted by July 1, 2014, and every three years thereafter using the Caltrans Construction Cost Index?	Sec. 6	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. The third MOE benchmark adjustment was presented to the Board on April 13, 2020. Please reference: "Fiscal Year 2020-21 Updates to the M2 Eligibility, Local Signal Synchronization Plan, and Pavement Management Plan Guidelines," dated April 13, 2020.</p> <p>Due to the coronavirus (COVID-19) pandemic, on May 11, 2020, the Board authorized staff to initiate the amendment process to the M2 Ordinance No. 3 in order to adjust MOE requirements. On June 22, 2020, the Board held a public hearing and approved the amendment. Please reference: "Proposed Amendment to the Orange County Local Transportation Authority M2 Ordinance No. 3," dated May 11, 2020. "Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," dated June 22, 2020.</p> <p>On December 14, 2020, the Board approved MOE Benchmark correction/adjustments for the cities of Buena Park and Villa Park. Please reference: "M2 Annual Eligibility Review," dated December 14, 2020.</p> <p>Due to the continued impacts of COVID-19, on April 12, 2021, the Board authorized staff to initiate the amendment process to M2 Ordinance No. 3 to adjust MOE requirements for another FY. On May 24, 2021, the Board held a public hearing and approved the amendment. Please reference: "Proposed Amendment to the Orange County Local Transportation Authority M2 Ordinance No. 3," dated April 12, 2021. "Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3," dated May 24, 2021.</p> <p>The next MOE benchmark adjustment is anticipated to go to the Board for approval in spring 2023 and will go into effect on July 1, 2023.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>Please also reference the following:</p> <p>“Fiscal Year 2014-15 M2 Maintenance of Effort Adjustment and Updates to Eligibility and Local Signal Synchronization Plan Guidelines,” dated April 14, 2014.</p> <p>“Fiscal Year 2014-15 Maintenance of Effort Benchmark Adjustments,” dated August 11, 2014 to see adjustments made for the cities of La Habra, Laguna Woods, Los Alamitos, and Yorba Linda.</p> <p>“Fiscal Year 2017-18 M2 Maintenance of Effort Adjustment and Updates to the Eligibility and Local Signal Synchronization Plan Guidelines,” dated April 10, 2017.</p> <p>“M2 Eligibility Review Recommendations for Fiscal Year 2015-16 Expenditure Reports and City of San Juan Capistrano’s Maintenance of Effort Benchmark,” dated May 8, 2017.</p> <p>“Fiscal Year 2018-19 M2 Eligibility and Countywide Pavement Management Plan Guidelines and City of Placentia’s Maintenance of Effort Benchmark,” dated April 9, 2018.</p>
8.00	Have MOE requirements been met annually by each jurisdiction?	Sec. 6	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>No. Due to the 2019 audit findings, on May 13, 2019, the Board found the cities of Stanton and Santa Ana ineligible to receive net M2 Revenues based upon failing to meet and/or substantiate MOE requirements for FY 2017-18. The Board suspended all disbursements of M2 funding and required the cities to sign separate settlement agreements that identified steps to regain compliance.</p> <p>Please reference:</p> <p>“M2 Eligibility for the City of Santa Ana,” and “M2 Eligibility for the City of Stanton,” dated May 13, 2019.</p> <p>“Settlement Agreement and Release of Claims,” dated July 22, 2019, for the City of Stanton.</p> <p>“Settlement Agreement and Release of Claims,” dated October 22, 2019, for the City of Santa Ana.</p> <p>On April 13, 2020, the Board determined the cities of Santa Ana and Stanton eligible to receive M2 net revenues again based on second audit findings that each city fulfilled the settlement agreement terms and</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>their respective MOE requirements. Payments were reinitiated and suspended funds that were held in reserve were disbursed. Please reference: "M2 Eligibility for the City of Santa Ana," and "M2 Eligibility for the City of Stanton," dated April 13, 2020.</p> <p>For the remaining 33 entities, MOE requirements have been met annually.</p> <p>All 35 entities have met MOE requirements through FY 2020-21. Please reference: "M2 Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022. "M2 Eligibility Review Recommendations for Fiscal Year 2019-20 Expenditure Reports," dated June 14, 2021. "M2 Eligibility Review Recommendations for Fiscal Year 2018-19 Expenditure Reports," dated June 8, 2020. "M2 Eligibility Review Recommendations for Fiscal Year 2017-18 Expenditure Reports," dated July 8, 2019. "M2 Eligibility Review Recommendations for Fiscal Year 2016-17 Expenditure Reports," dated June 11, 2018. "M2 Eligibility Review Recommendations for Fiscal Year 2015-16 Expenditure Reports and City of San Juan Capistrano's Maintenance of Effort Benchmark," dated May 8, 2017. "M2 Eligibility Review Recommendations for Fiscal Year 2014-15 Expenditure Reports," dated May 9, 2016. "M2 Eligibility Review Recommendations for Fiscal Year 2013-14 Expenditure Reports," dated May 11, 2015. "M2 Eligibility Findings for Fiscal Year 2012-13 Expenditure Reports," dated March 10, 2014. "M2 Annual Eligibility Review Subcommittee Recommendations for Fiscal Year 2011-12 Expenditure Reports," dated March 11, 2013.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
9.00	Have Revenues expended for salaries and benefits of Authority administrative staff remained within the one percent per year limit?	Sec 7	F & A	Recurring	Action plan in place	Sean Murdock/ Rima Tan	<p>Yes These are tracked on a FY basis. Expenditures were 0.97% for the FY period between July 1, 2021, and June 30, 2022, which was less than the one percent of net revenue requirement. The amount under one percent for the FY was \$153,241. Program-to-date expenditures are at one percent, which meets the one percent of net revenue requirement. Since inception, we encountered periods when expenditures needed to be covered by borrowings to meet the one percent of net revenue requirement. OCTA has Board approval to borrow from the Orange County Unified Transportation Trust (OCUTT), and to repay those funds with interest in future periods when administrative expenditures underrun revenue in any given year of the program. As of June 30, 2021, the borrowings to date along with interest from the Orange County Unified Transportation Trust were paid in full.</p> <p>Please reference: "OCTA Summary of M2 Administrative Costs from Inception through June 30, 2022"</p>
10.00	Has the Authority, to the extent possible, used existing state, regional and local planning and programming data and expertise to carry out the purposes of the Ordinance?	Sec. 7	Planning	Recurring	Done to date	Francesca Ching	<p>Yes. OCTA, as appropriate, looks to other existing resources to ensure that work is not duplicative and that expenses are kept to a minimum. In cases where OCTA does not have the expertise available, OCTA contracts with other external agencies. For example, OCTA regularly has cooperative agreements with the California Department of Transportation, local universities, Army Corp of Engineers, and contracts with private sector experts as needed to meet the requirements of the Ordinance.</p>
11.00	Have expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses, been identified in an annual report pursuant to Ordinance No. 3, Sec. 10.8?	Sec. 7 and Sec. 10.8	External Affairs	Recurring	Done to date	Alice Rogan & Jennifer Beaver	<p>Yes. Annual reports identify expenses for administrative staff and for project implementation incurred by the Authority, including contracted expenses. M1 Annual reports from the years 2008 - 2011 included minor updates on M2 Early Action Plan progress and funding. All reports are saved in the M2 Document Center.</p> <p>Please reference: "Measure M Annual Report 2008." "Measure M Annual Report 2009." "Measure M Annual Report 2010."</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"Measure M Annual Report 2011." "Measure M Annual Report 2012." "Measure M Annual Report 2013." "Measure M Annual Report 2014." "Measure M Annual Report 2015." "Measure M Annual Report 2016." "Measure M Annual Report 2017." "Measure M Annual Report 2018." "Measure M Annual Report 2019." "Measure M Annual Report 2020." "Measure M Annual Report 2021." "Measure M Annual Report 2022."
12.00	Has the 2006-2007 Authority appropriations limit been set at \$1,123 million?	Sec. 8	F & A	One-time, start-up	Done	Sean Murdock	Yes. Please reference: "Board Resolution 2006-32 Establishing LTA Appropriations Limit FY 2006-07," dated June 12, 2006.
13.00	Has the Authority's appropriations limit been adjusted annually?	Sec. 8	F & A	Recurring	Done to date	Sean Murdock	Yes. All Board Resolutions establishing LTA appropriations are saved in the M2 Document Center. Please reference: "Board Resolution 2011-046 Establishing LTA Appropriations Limit FY 2011-12," dated June 13, 2011. "Board Resolution 2012-031 Establishing LTA Appropriations Limit FY 2012-13," dated June 11, 2012. "Board Resolution 2013-164 Establishing LTA Appropriations Limit FY 2013-14," dated May 24, 2013. "Board Resolution 2014-027 Establishing LTA Appropriations Limit FY 2014-15," dated June 9, 2014. "Board Resolution 2015-023 Establishing LTA Appropriations Limit FY 2015-16," dated June 22, 2015. "Board Resolution 2016-025 Establishing LTA Appropriations Limit FY 2016-17," dated June 13, 2016. "Board Resolution 2017-028 Establishing LTA Appropriations Limit FY 2017-18," dated June 12, 2017.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>"Board Resolution 2018-055 Establishing LTA Appropriations Limit FY 2018-19," dated June 11, 2018.</p> <p>"Board Resolution 2019-027 Establishing LTA Appropriations Limit FY 2019-20," dated June 10, 2019.</p> <p>"Board Resolution 2020-022 Establishing LTA Appropriations Limit FY 2020-21," dated June 22, 2020.</p> <p>"Board Resolution 2021-043 Establishing LTA Appropriations Limit FY 2021-22," dated June 28, 2021.</p> <p>"Board Resolution 2022-029 Establishing LTA Appropriations Limit FY 2022-23," dated June 13, 2022.</p>
14.00	<p>Has the County of Orange Auditor-Controller, in the capacity as Chair of the Taxpayer Oversight Committee (TOC), annually certified that the Revenues were spent in compliance with the Ordinance?</p>	Sec. 10.2	External Affairs	Recurring	Done to date	Alice Rogan	<p>Yes. Each year since 2007, subsequent to Measure M Annual Hearings, the County Auditor-Controller has annually certified that revenues were spent in compliance with the Ordinance. For this reporting period, on June 14, 2022, County Auditor-Controller Frank Davies certified that OCTA has spent revenues in compliance with the Ordinance. All Annual Hearing Compliance Memos are saved in the M2 Document Center.</p> <p>For the most recent confirmation of compliance, please reference: "TOC M2 Annual Public Hearing Results and Compliance Findings," dated June 27, 2022.</p>
15.00	<p>Have receipt, maintenance, and expenditure of Net Revenues been distinguishable in each jurisdiction's accounting records from other funding sources, and distinguishable by program or project?</p>	Sec. 10.3	F&A, Internal Audit	Recurring	Action plan in place	Sean Murdock	<p>Yes. Local jurisdictions submit expenditure reports annually that distinguish funding sources and tie to accounting records that are subject to audits. Starting with the 2011 version of the annual expenditure report, local jurisdictions' finance directors are also required to attest to this requirement and each year hereafter. Jurisdictions are also subject to audits that cover this requirement. Internal Audit, through contractors, conducts audits of 8 to 10 jurisdictions per year covering this matter. Expenditure Reports for each jurisdiction are reviewed by staff and the TOC. The jurisdictions to be audited are selected by the TOC Audit Subcommittee. The TOC approved jurisdictions' FY 2020-21 Expenditure Reports on June 6, 2022.</p> <p>Please reference:</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"M2 Annual Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022.
16.00	Has interest earned on Net Revenues allocated pursuant to the Ordinance been expended only for those purposes for which Net Revenues were allocated?	Sec. 10.3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor's findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: "FY 2021-22 Single Audit and Agreed-Upon Procedures Reports," dated February 13, 2023.
17.00	Have jurisdictions used Net Revenues only for transportation purposes authorized by the Ordinance?	Sec. 10.4	F&A, Internal Audit	Recurring	Action plan in place	Sean Murdock	Yes. See notes in Item 15.00.
18.00	If any jurisdiction used Net Revenues for other than transportation purposes, has it fully reimbursed the Authority the Net Revenues misspent and been deemed ineligible to receive Net Revenues for a period of five years?	Sec. 10.4	F & A	Recurring	N/A	Sean Murdock	Not applicable. There have been no such occurrences to date. Compliance is subject to audits by Internal Audit.
19.00	Has a TOC been established to provide an enhanced level of accountability for expenditures of Revenues and to help ensure that all voter mandates are carried out as required?	Sec. 10.5	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The Citizens Oversight Committee (COC) established under M1 was transitioned into the TOC in August 2007. The transition was mentioned in the OCTA staff update portion of the June 12, 2007, COC Meeting Minutes, included in the August 28, 2007, TOC Meeting Agenda Packet. The TOC has since met regularly to provide an enhanced level of accountability for expenditures of Revenues and to help ensure that all voter mandates are carried out as required. Agenda Packets and Meeting Minutes for each TOC meeting can be found in the Document Center. Please reference: "TOC Agenda Packet," dated August 28, 2007.
20.00	Have performance assessments to evaluate efficiency, effectiveness, economy, and program results been conducted every three years?	Sec. 10.6	PMO	Recurring	Done to date	Francesca Ching	Yes. To date, five Triennial M2 Performance Assessments have been conducted. The fifth performance assessment covering FY 2018-19 to FY 2020-21 was presented to the Board on April 25, 2022. Please reference: "Triennial M2 Performance Assessment FY 2006-07 to FY 2008-09," dated November 22, 2010. "Triennial M2 Performance Assessment FY 2009-10 to FY 2011-12," dated April 8, 2013.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"Triennial M2 Performance Assessment FY 2012-13 to FY 2014-15," dated August 8, 2016. "Triennial M2 Performance Assessment FY 2015-16 to FY 2017-18," dated March 11, 2019. "Triennial M2 Performance Assessment FY 2018-19 to FY 2020-21," dated April 25, 2022.
21.00	Have the performance assessments been provided to the Taxpayers Oversight Committee?	Sec. 10.6	PMO, External Affairs	Recurring	Done to date	Francesca Ching & Alice Rogan	Yes. To date, five performance assessments have been provided to the TOC. Please reference: "TOC Agenda Packet 2010," dated December 14, 2010. "TOC Agenda Packet 2013," dated April 9, 2013. "TOC Agenda Packet 2016," dated June 14, 2016. "TOC Agenda Packet 2019," dated April 9, 2019. "TOC Agenda Packet 2022," dated April 12, 2022.
22.00	Have quarterly status reports regarding the major projects detailed in the Plan been brought before the Authority in public meetings?	Sec. 10.7	PMO	Recurring	Done to Date	Francesca Ching	Yes. Quarterly reports have consistently been brought before the Board. The reports are posted on the OCTA website and saved in the M2 Document Center. These reports can be found by searching for "M2 Quarterly Report." The latest report was presented to the Board on March 13, 2023. Please reference the following reports for calendar year 2022: "M2 Quarterly Progress Report for the Period of January 2022 to March 2022," dated June 13, 2022. "M2 Quarterly Progress Report for the Period of April 2022 to June 2022," dated September 12, 2022. "M2 Quarterly Progress Report for the Period of July 2022 to September 2022," dated December 12, 2022. "M2 Quarterly Progress Report for the Period of October 2022 to December 2022," dated March 13, 2023.
23.00	Has the Authority published an annual report on how revenues have been spent and on progress toward implementation and publicly reported on the findings?	Sec. 10.8	External Affairs	Recurring	Done to date	Alice Rogan	Yes. These annual reports were prepared and made public since FY 2010-11. The FY 2021-22 information can be found on the 2022 infographic and M2 website .
24.00	Has the Authority, every ten years, conducted a comprehensive review of all projects and programs implemented under the Plan to evaluate the performance of the overall program?	Sec. 11	PMO	Recurring	Done to date	Francesca Ching	Yes. The first comprehensive Ten-Year Review was conducted for the period covering November 8, 2006, through June 30, 2015. The final report was presented to the Board on October 12, 2015.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							Please reference: "M2 Ten-Year Review Report," dated October 12, 2015.
25.00	If the Authority has amended the Ordinance, including the Plan, has the Authority followed the process and notification requirements in Ordinance No. 3, Sec. 12, including approval by not less than two-thirds vote of the TOC?	Sec. 12	PMO, External Affairs	Recurring	Done to Date	Francesca Ching & Alice Rogan	<p>Yes. There have been five amendments to Ordinance No. 3.</p> <p>For Amendment #1 (November 9, 2012) to the Plan (Freeway Category), OCTA followed the Plan amendment process and notification requirements (including TOC approval on October 9, 2012). Please reference: "Public Hearing to Amend the M2 Transportation Investment Plan for the Freeway Program," dated November 9, 2012 for Amendment #1.</p> <p>For Amendment #2 (November 25, 2013) to the Ordinance (Attachment C), OCTA followed the Ordinance amendment process and notification requirements (did not require TOC approval). Please reference: "Public Hearing on Proposal to Amend Orange County Local Transportation Authority Ordinance No. 3 to Modify TOC Membership Eligibility," dated November 25, 2013 for Amendment #2.</p> <p>For Amendment #3 (December 14, 2015, corrected on March 14, 2016) to the Plan (Transit Category) and Ordinance (Attachment B), OCTA followed the Plan amendment process and notification requirements (including TOC approval on November 10, 2015). Please reference: "Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program," dated December 14, 2015 for Amendment #3. "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016, for corrections to the Amendment.</p> <p>For Amendments #4 (June 22, 2020) and #5 (May 24, 2021) to the Ordinance (Attachment C), OCTA followed the Ordinance amendment process and notification requirements (did not require TOC approval).</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							Please reference: “Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3,” dated June 22, 2020 for Amendment #4. “Public Hearing to Amend the M2 Orange County Local Transportation Authority Ordinance No. 3,” dated May 24, 2021 for Amendment #5.
26.00	General Requirements – Allocation of Net Revenues						
27.00	Have at least five percent of the Net Revenues allocated for Freeway Projects been used to fund Programmatic Mitigation of Freeway Projects, and have these funds derived by pooling funds from the mitigation budgets of individual Freeway Projects?	Att. B, Sec. II.A.5	Planning, F & A	30-year	Done to date	Sean Murdock	Yes. See independent auditor’s findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: “FY 2021-22 Single Audit and Agreed-Upon Procedures Reports,” dated February 13, 2023.
28.00	Has the Authority used Revenues as follows: <ul style="list-style-type: none"> - First, paid the California Department of Tax and Fee Administration (formerly State Board of Equalization) for services and functions? - Second, paid the administrative costs of the Authority? - Third, satisfied the annual allocation of two percent of Revenues for Environmental Cleanup? - Fourth, satisfied the debt service requirements of all bonds issued pursuant to the Ordinance that are not satisfied out of separate allocations? 	Att. B, Sec. IV.A.1-4	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor’s findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: “FY 2021-22 Single Audit and Agreed-Upon Procedures Reports,” dated February 13, 2023.
29.00	After providing for the use of Revenues as described above, has the Authority allocated Net Revenues as follows: <ul style="list-style-type: none"> - Freeway Projects – 43%? - Streets and Roads Projects – 32%? - Transit Projects – 25%? 	Att. B, Sec. IV.B.1-3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor’s findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: “FY 2021-22 Single Audit and Agreed-Upon Procedures Reports,” dated February 13, 2023.
30.00	Has the allocation of the 32 percent for Streets and Roads Projects been made as follows: <ul style="list-style-type: none"> - Regional Capacity Program projects – 10% of Net Revenues? - Regional Traffic Signal Synchronization Program projects – 4% of Net Revenues? - Local Fair Share Program projects – 18% of Net Revenues? 	Att. B, Sec. IV.C.1-3	F & A	Recurring	Done to date	Sean Murdock	Yes. See independent auditor’s findings related to applying Agreed-Upon Procedures to the M2 Status Report. Please reference: “FY 2021-22 Single Audit and Agreed-Upon Procedures Reports,” dated February 13, 2023.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
31.00	If the percentage basis of the allocation of Net Revenues in any given year is different than required by Sections B and C (except for Local Fair Share Program projects), have the percentage allocations set forth in Sections B and C been achieved during the duration of the Ordinance?	Att. B, Sec. IV.D	F & A	30-year	Not yet required	Sean Murdock	The percentage basis allocation is not an annual requirement but must be achieved during the duration of the Ordinance.
32.00	Have Net Revenues allocated for the Local Fair Share Program pursuant to Att. B, Sec. IV.C been paid to Eligible Jurisdictions within 60 days of receipt by the Authority?	Att. B, Sec. IV.E	F & A	Recurring	Done to date	Sean Murdock	Yes. See General Accounting payments for Local Fair Share funds for FY 2021-22. Also note Agreed-Upon Procedures to the M2 Status Report. Please reference: "FY 2021-22 Single Audit and Agreed-Upon Procedures Reports," dated February 13, 2023. FY 2021-22 Project Q Local Fair Share Payments
33.00	If the Authority exchanged Net Revenues from a Plan funding category for federal, state or other local funds, has the Authority and the exchanging public agency used the exchanged funds for the same program or project authorized for the use of the funds prior to the exchange, have such federal, state or local funds received by the Authority been allocated to the same Plan funding category that was the source of the exchanged Net Revenues?	Att. B, Sec. IV.F	Planning, F & A	Recurring	N/A	Sean Murdock	Not applicable to date because there have been no exchanges.
34.00	Has the Authority followed the requirement that in no event shall an exchange of funds reduce the Net Revenues allocated for Programmatic Mitigation of Freeway Projects?	Att. B, Sec. IV.F	Planning, F & A	Recurring	N/A	Sean Murdock	Not applicable to date because there have been no exchanges.
35.00	Has the Authority, upon review and acceptance of any Project Final Report, allocated the balance of Net Revenues, less the interest earned on the Net Revenues allocated for the project?	Att. B, Sec. IV.H	Planning	Recurring	Done to Date	Adriann Cardoso/ Charvalen Alacar	Yes. As projects are completed, any unused funds from each project are made available for other projects within the same category, as needed. Examples below: "Ordinance Amendment 1," dated November 9, 2012. "Ordinance Amendment 3," dated March 14, 2016. There have been no reallocations across categories (43% Freeway, 32% Streets and Roads, and 25% Transit), in accordance with overall requirements in Att. B, Sec IV.B.
36.00	Requirements Related to All Freeway Projects						

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
37.00	Have Freeway Projects been planned, designed and constructed with consideration for their aesthetic, historic and environmental impacts on nearby properties and communities?	Att. A, p. 5 Freeway Projects Overview	Capital Programs – Highways	Recurring	Done to Date	Rose Casey	Yes. Freeway Projects are developed with input from cities, the public, other stakeholders, and various interest groups. For example, landscaping and aesthetics are prepared with input from city representatives and the public to ensure that each city is given an opportunity to include its own “theme” while preserving the overall uniformity on the freeways throughout Orange County. For an example, please reference: “FI103 Project Report Final,” dated June 24, 2020.
38.00	Has a Master Agreement for environmental and programmatic mitigation of freeway projects between OCLTA and state and federal resource agencies been executed?	Att. A, p.5 Freeway Projects Overview	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement, executed in January 2010, served as the Master Agreement. As a note, the termination date on the Planning Agreement was extended as it took longer than anticipated to complete the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP) and Environmental Impact Report/Environmental Impact Status (EIR/EIS). Please reference: “C-9-0278 Agreement, Environmental Mitigation Program MOA.”
39.00	Has the OCLTA made every effort to maximize Orange County’s share of state and federal freeway dollars?	Att. B, Sec. II.A.1	Govt Relations, Planning	Recurring	Done to date	Adriann Cardoso	Yes. Since 2006, OCTA has received and programmed \$1.808 billion for freeway projects included in the M2 Plan: federal - \$698.1 million, state - \$993 million, other local - \$117 million. OCTA was also successful in receiving a TIFIA loan for \$629 million against future toll revenues for the I-405 from SR-73 to I-605 project. Please reference: “Securing State and Federal Formula Funds for Highway, Transit, and Complete Streets Priority Projects,” dated December 12, 2022. “Transportation Infrastructure Finance and Innovation Act Debt Service Savings,” dated October 25, 2021.
40.00	Have all major approval actions for Freeway Projects, including project concept, location, and any change in scope, been agreed upon by Caltrans, the Authority, project sponsors, and where appropriate, the FHWA and/or the California Transportation Commission?	Att. B, Sec. II.A.2	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Coordination with the agencies listed is constant, and the required approval actions are obtained from the appropriate agencies. Project concept, location, and scope are determined when the preferred alternative is selected and identified in the final approved environmental document (ED). The Final ED is approved by Caltrans, which includes delegated NEPA authority from FHWA. The environmental documents are also provided to the CTC. Scope changes will often require changes to the Cooperative Agreement between OCTA and Caltrans. Design modifications and exceptions to design

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							requirements are coordinated with Caltrans District 12 and Headquarters (Sacramento), which has the delegated authority from FHWA to approve design exceptions. Project Change Requests are required to be approved by both OCTA and Caltrans when a change in scope is large enough to warrant a change in project funding. Approval by the California Transportation Commission may also be required if state funds are requested, or a baseline agreement amendment is required.
41.00	Has the Authority, prior to allocation of Net Revenues for any Freeway Project, obtained written assurances from the appropriate state agency that after the project is constructed to at least minimum acceptable state standards, the State shall be responsible for maintenance and operation?	Att. B, Sec. II.A.3	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Construction Cooperative Agreements between OCTA and Caltrans include language that assigns maintenance and operations to Caltrans. For an example, please reference Attachment A, article 30 of the agreement (C-0-2726), which was executed on June 13, 2021. Please reference: "Cooperative Agreement with the California Department of Transportation for the State Route 55 Improvement Project Between Interstate 405 and Interstate 5," dated January 11, 2021.
42.00	Have Freeway Projects been built largely within existing rights of way using the latest highway design and safety requirements?	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Keeping generally within existing right-of-way (ROW) is one of the largest project parameters. For example, elimination of braided ramps on the I-405 Improvement Project was approved in the final EIR/EIS to reduce the full ROW acquisitions while still ensuring that the design meets Caltrans design and safety standards. Keeping the ROW impacts to some partial acquisitions and primarily temporary construction easements while adding four lanes to the I-405 is a major accomplishment for a \$2.08 billion project, the largest project in the M2 freeway program, highlighting the importance placed on working within ROW constraints. Please reference: "I-405 Supplemental Draft Environmental Impact Report/EIS."
43.00	To the greatest extent possible within the available budget, have Freeway Projects been implemented using Context Sensitive Design? ("Context Sensitive Design features" are further described in the referenced provision.)	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Freeway projects include many context sensitive design features, from the Planning stages, through Environmental, Design, and Construction. The project team, including Public Outreach, coordinates with local cities and other agencies on landscaping, aesthetic and soft/hardscape features. For example, the construction of soundwalls requires public input, in the form of a soundwall survey, to determine if

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							soundwalls will be built. Aesthetics of soundwalls, retaining walls and bridges take into account City and community preferences. Please reference: "I-405 Supplemental Draft Environmental Impact Report/EIS."
44.00	Have Freeway Projects, to the greatest extent possible within the available budget, been planned, designed, and constructed using a flexible community-responsive and collaborative approach to balance aesthetic, historic and environmental values with transportation safety, mobility, maintenance, and performance goals?	Att. B, Sec. II.A.4	Capital Programs - Highways	Recurring	Done to Date	Rose Casey	Yes. Community Outreach is a constant on all the Freeway Projects. Open Houses, City Council presentations, local agency meetings and other forms of Outreach are deployed in order to obtain community feedback so that modifications are made, where possible, to retain these values. All design features and proposed changes are reviewed and approved by Caltrans to ensure safety, mobility, maintenance, and performance goals. Please reference: "I-405 Supplemental Draft Environmental Impact Report/EIS."
45.00	Have the Net Revenues allocated to Freeway Projects for use in funding Programmatic Mitigation for Freeway Projects been subject to the following:	Att. B, Sec. II.A.5	Planning		Done	Dan Phu	See notes in Items 45.01 to 45.09.
45.01	Has a Master Environmental Mitigation and Resource Protection Plan and Agreement (Master Agreement) between the Authority and state and federal resources been developed?	Att. B, Sec. II.A.5.a	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement. As a note, the Planning Agreement was extended as it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.
45.02	Does the Master Agreement include commitments by the Authority to provide programmatic environmental mitigation of Freeway Projects?	Att. B, Sec. II.A.5.a.(i)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement. See notes in Item 1.00 within the Agreement which refers to commitments by OCTA to provide programmatic environmental mitigation of Freeway Projects. As a note, an extension of the termination date on the Planning Agreement was required since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
45.03	Does the Master Agreement include commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects?	Att. B, Sec. II.A.5.a.(ii)	Planning	One-time, start-up	Done	Dan Phu	<p>Yes. The Memorandum of Agreement and Planning Agreement executed in January 2010, served as the Master Agreement. See Items 6 and 8 within the Agreement as it relates to commitments by state and federal agencies to reduce project delays associated with permitting and streamline the process for Freeway Projects. As a note, an extension of the termination date on the Planning Agreement was required since it took longer than anticipated to complete the NCCP/HCP and EIR/EIS. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.</p>
45.04	Does the Master Agreement include an accounting process for mitigation obligations and credits that will document net environmental benefit from regional, programmatic mitigation in exchange for net benefit in the delivery of transportation improvements through streamlined and timely approvals and permitting?	Att. B, Sec. II.A.5.a.(iii)	Planning	One-time, start-up	Done	Dan Phu	<p>Yes. Development of the NCCP/HCP set forth the process to meet this provision (Sections 5 and 6). The Final NCCP/HCP was approved by the Board and the Final EIR/EIS was certified by the Board on November 28, 2016. Please reference: "Final Natural Community Conservation Plan/Habitat Conservation Plan and Associated EIR/EIS," dated November 28, 2016.</p> <p>The corresponding state and federal wildlife agency permits were received in June 2017. Please reference: "OCTA M2 NCCP-HCP Implementing Agreement with Fed and State Fish-Wildlife and Caltrans."</p> <p>An accounting process is folded into the NCCP/HCP for mitigation obligations and credits. An annual report is required and will document freeway project level impacts as well as mitigation performed for those freeway projects. The first annual report was completed in 2019 and included activities related to the NCCP/HCP from 2011 through 2018. The future annual reports will only include one year's activities in relation to the NCCP/HCP. Actual impacts will be compared against assumptions made within the NCCP/HCP. Net environmental benefits from the NCCP/HCP are summarized in Table ES-1 of the NCCP/HCP. Biological permits from the wildlife regulatory agencies were issued in advance, therefore streamlining the delivery of the transportation projects.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
45.05	Does the Master Agreement include a description of the specific mitigation actions and expenditures to be undertaken and a phasing, implementation, and maintenance plan?	Att. B, Sec. II.A.5.a.(iv)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement, executed in January 2010, included this provision. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.
45.06	Does the Master Agreement include appointment by the Authority of a Mitigation and Resource Protection Oversight Committee to make recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and to monitor implementation of the Master Agreement?	Att. B, Sec. II.A.5.a.(v)	Planning	One-time, start-up	Done	Dan Phu	Yes. The Environmental Oversight Committee (EOC) makes recommendations to the Authority on the allocation of Net Revenues for programmatic mitigation and also monitors the implementation of the Environmental Mitigation Program which is based on the Master Agreement. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.
45.07	Was an EOC appointed and does it consist of no more than 12 members and is comprised of representatives of the Authority, Caltrans, state and federal resource agencies, non-governmental environmental organizations, the public and the TOC?	Att. B, Sec. II.A.5.a.(v)	Planning, External Affairs	One-time, start-up	Done	Dan Phu & Marissa Espino	Yes. Creation of the EOC occurred in 2007 with applicant scoring and selection for membership by the Transportation 2020 Committee on October 15, 2007. The first EOC meeting took place on November 13, 2007. Please reference: "Renewed Measure M Environmental Committees Selection Process," dated October 22, 2007. "EOC Agenda Packet," dated November 13, 2007. "EOC Agenda Packet," dated January 16, 2008, for the November 13, 2007, meeting minutes. "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008. "EOC Roster 2022"
45.08	Was the Master Agreement developed as soon as practicable following the approval of the ballot proposition by the electors?	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement process began in early 2008. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.
45.09	Have the Authority and state and federal resource agencies developed the Master Agreement prior to the implementation of Freeway Projects?	Att. B, Sec. II.A.5.b	Planning	One-time, start-up	Done	Dan Phu	Yes. The Memorandum of Agreement and Planning Agreement process began in early 2008 and was fully executed by OCTA and state and federal resources agencies in January 2010. During this timeframe, the Early Action Plan also authorized the project development processes for

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							various M2 freeway projects, which included preliminary engineering, environmental studies, and final design work. The initiation of this work also maximized OCTA's ability to compete for state and federal funds (i.e., CMIA and federal stimulus). With the exception of the eastbound SR-91 lane addition between SR-241 and SR-71 and the SR-22 access improvements, the rest of the M2 freeway projects did not begin construction until after January 2010. The Eastbound SR-91 lane addition project began construction in late 2009 and utilized primarily American Recover and Reinvestment Act (ARRA) federal stimulus funds and the SR-22 improvements were amended into Measure M1 and completed early in 2007 as a "bonus project" as part of the SR-22 design-build project. Please reference: "C-9-0278 Memorandum of Agreement, and C-9-0279 Planning Agreement," dated January 21, 2010.
46.00	Requirements Related to Specific Freeway Projects						
47.00	Project A						
48.00	Have Santa Ana Freeway (I-5) improvements between the Costa Mesa freeway (SR-55) and "Orange Crush" (SR-57) described in Project A been built:	Att. A, p. 7, Project A	Capital Programs--Highways	30-year	Modified; Completed	Rose Casey	See notes in Items 48.01 to 48.03.
48.01	At the SR-55/I-5 interchange area between the Fourth Street and Newport Boulevard ramps on I-5?	Att. A, p. 7	Capital Programs--Highways	30-year	Modified	Rose Casey	See notes in Item 48.02.
48.02	On SR-55 between Fourth Street and Edinger Avenue?	Att. A, p. 7	Capital Programs--Highways	30-year	Modified	Rose Casey	No. Project A improvement limits do not include SR-55 between Fourth Street and Edinger Avenue (agreed to by cities and Caltrans) due to lack of support/consensus between Caltrans and local jurisdictions which is a requirement of M2. There are some improvements included in Project F on SR-55 between I-405 and I-5.
48.03	On I-5 between SR-55 and SR-57?	Att. A, p. 7	Capital Programs--Highways	30-year	Completed	Rose Casey	Yes. Construction on this project began in December 2018 and was completed in January 2021. Please reference: "FA101 Project Plans, pgs. 001-567," dated October 9, 2017. "FA101 Information Handout," dated August 27, 2018.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"FA101 Notice to Bidders and Special Provisions," dated August 27, 2018. "FA101 Project Plans, Addendum 01," dated September 25, 2018. "FA101 Project Plans, Addendum 02," dated October 5, 2018. "FA101 Final Project Schedule Status Sheet," Project Controls schedule dated February 4, 2021.
49.00	Have the Project A improvements, as built, increased capacity and reduced congestion?	Att. A, p. 7, Project A	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. The project added capacity with a second carpool lane and reduced congestion upon construction completion as identified during the environmental phase.
50.00	Project B						
51.00	Have new lanes been built and interchanges improved on the Santa Ana Freeway (I-5) between the Costa Mesa freeway (SR-55) to El Toro "Y"?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>The environmental phase for the project was completed in January 2020. The project was split into two segments for design and construction. Final Design for Segment 1 (I-405 to Yale Avenue) began in October 2021 and Segment 2 (Yale Avenue to SR-55) began in May 2021. Both segments are anticipated to begin construction in 2026.</p> <p>Please reference: "FB101 Final Environmental Schedule Status Sheet," dated February 1, 2020.</p>
52.00	Have the Project B improvements as built increased capacity and reduced congestion?	Att. A, p. 7, Project B	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Item 51.00. The project will add capacity with one additional general-purpose lane in each direction and relieve congestion upon construction completion as identified during the environmental phase.
53.00	Project C						
54.00	Have Santa Ana Freeway (I-5) improvements south of the El Toro "Y" been built with:	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Items 54.01 to 54.02.
54.01	New lanes from the vicinity of the El Toro Interchange in Lake Forest to the vicinity of SR-73 in Mission Viejo?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The I-5, SR-73 to El Toro Road project (including interchange improvements at Avery Parkway and La Paz Road) completed the environmental phase in May 2014. The project was divided into three segments for design and construction. All three segments are currently under construction. This project adds a general-purpose lane in each direction, extends the second HOV lane in both directions from El Toro Road to Alicia Parkway, reconstructs the La Paz Road and Avery Parkway interchanges, and adds auxiliary lanes where needed.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>Segment 1, I-5 between SR-73 and Oso Parkway (including improvements to Avery Parkway Interchange): Construction began in February 2020 and is anticipated to be complete in late 2024. Please Reference: "FC102 Project Plans, pgs. 0001-1351," dated May 13, 2019. "FC102 Information Handout," dated August 26, 2019. "FC102 Notice to Bidders and Special Provisions," dated August 26, 2019. "FC102 Project Plans, Addendum 01," dated September 25, 2019. "FC102 Project Plans, Addendum 02," dated October 8, 2019. "FC102 Project Plans, Addendum 03," dated October 10, 2019.</p> <p>Segment 2, I-5 between Oso Parkway and Alicia Parkway (including improvements to La Paz Interchange): construction began in April 2019 and is anticipated to be complete in late 2024. Please Reference: "FC105 Project Plans, pgs. 0001-1494," dated June 4, 2018. "FC105 Information Handout," dated November 5, 2018. "FC105 Notice to Bidders and Special Provisions," dated November 5, 2018. "FC105 Project Plans, Addendum 01," dated December 20, 2018. "FC105 Project Plans, Addendum 02," dated January 4, 2019. "FC105 Project Plans, Addendum 03," dated January 10, 2019. "FC105 Project Plans, Addendum 04," dated January 14, 2019.</p> <p>Segment 3, I-5 between Alicia Parkway and El Toro Road: Construction began in January 2021 and is anticipated to be complete in late 2024. Please Reference: "FC106 Project Plans, pgs. 0001-1119," dated March 30, 2020. "FC106 Information Handout," dated May 11, 2020. "FC106 Notice to Bidders and Special Provisions," dated May 11, 2020. "FC106 Project Plans, Addendum 01," dated June 23, 2020. "FC106 Project Plans, Addendum 02," dated June 25, 2020.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
54.02	New lanes between Pacific Coast Highway and Avenida Pico?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Completed	Rose Casey	<p>Yes. The I-5, Avenida Pico to San Juan Creek Road (including interchange improvements at Avenida Pico) was divided into three segments for design and construction. This project added a new HOV lane in both directions of I-5 between PCH and Avenida Pico, reconstructed the Avenida Pico Interchange, and reconstructed on- and off-ramps along the project area. Construction on all three segments are complete.</p> <p>Segment 1, I-5, Avenida Pico to Avenida Vista Hermosa project (including interchange improvements at Avenida Pico): Construction began in December 2014 and was completed in August 2018. Please reference: "FC101 Project Plans, pgs. 001-635," dated March 10, 2014. "FC101 Information Handout," dated September 2, 2014. "FC101 Notice to Bidders and Special Provisions," dated September 2, 2014. "FC101 Project Plans, Addendum 01," dated October 13, 2014. "FC101 Final Project Schedule Status Sheet," Project Controls schedule dated October 16, 2018.</p> <p>Segment 2, I-5, Avenida Vista Hermosa to PCH: Construction began in July 2014 and was completed in July 2017. Please reference: "FC103 Project Plans, pgs. 001-780," dated August 26, 2013. "FC103 Information Handout," dated February 3, 2014. "FC103 Notice to Bidders and Special Provisions," dated February 3, 2014. "FC103 Project Plans, Addendum 01," dated March 14, 2014. "FC103 Project Plans, Addendum 02," dated March 17, 2014. "FC103 Project Plans, Addendum 03," dated April 7, 2014. "FC103 Final Project Schedule Status Sheet," Project Controls schedule dated August 17, 2017.</p> <p>Segment 3, I-5, PCH to San Juan Creek Road: Construction began in December 2013 and was completed in July 2018. Please reference:</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"FC104 Project Plans, pgs. 001-595," dated April 29, 2013. "FC104 Information Handout," dated August 19, 2013. "FC104 Notice to Bidders and Special Provisions," dated August 19, 2013. "FC104 Project Plans, Addendum 01," dated September 27, 2013. "FC104 Project Plans, Addendum 02," dated October 18, 2013. "FC104 Final Project Schedule Status Sheet," Project Controls schedule dated September 17, 2018.
54.03	Major improvements at local interchanges as determined in Project D?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Avenida Pico, Avery Parkway and La Paz Road are incorporated into project C. (See notes in Items 54.01 and 54.02 for main the latest status which includes these interchanges and notes in Item 56.00 for remaining interchanges.)
55.00	Have the Project C improvements as built increased capacity and reduced congestion?	Att. A, p. 8, Project C	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Items 54.01 and 54.02. The I-5 HOV Improvement projects (between San Juan Creek Road and Avenida Pico) increased capacity and reduced congestion as identified during the environmental phase. The additional general purpose lane to be added in each direction from SR-73 to El Toro Road will also relieve congestion once constructed.
56.00	Project D						
57.00	Have key I-5 interchanges such as Avenida Pico, Ortega Highway, Avery Parkway, La Paz Road, El Toro Road, and others been updated and improved to relieve street congestion around older interchanges and on ramps?	Att. A, p. 8, Project D	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Items 54.01 and 54.02 for status of Avenida Pico, Avery Parkway and La Paz Road interchanges. I-5, Ortega Highway Interchange: Construction began in September 2012 and completed in January 2016. Please reference: "FD101 Project Plans, pgs. 001-515," dated April 9, 2012. "FD101 Information Handout," dated June 4, 2012. "FD101 Notice to Bidders and Special Provisions," dated June 4, 2012. "FD101 Project Plans, Addendum 01," dated July 2, 2012. "FD101 Project Plans, Addendum 02," dated July 19, 2012. "FD101 Project Plans, Addendum 03," dated July 20, 2012. "FD101 Final Project Schedule Status Sheet," Project Controls Schedule dated February 19, 2016. I-5, El Toro Road Interchange: The environmental phase began in April 2017. In December 2019, the completion of the environmental phase

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							had been stalled due to lack of consensus on an alternative with the stakeholder cities. OCTA, in conjunction with Caltrans and the cities, completed an Alternatives Assessment, which identified two new Alternatives that were agreed to by Caltrans and staff from all cities. In May 2022, the Board received a presentation on the results of the Alternatives Assessment Study and approved in August 2022 to move forward with two new alternatives. Environmental work is anticipated to restart in January 2023. Please reference: "Update on Interstate 5/El Toro Road Interchange Project," dated May 9, 2022. "Amendment to Cooperative Agreement with California Department of Transportation for Preparation of the Project Report and Environmental Document for the Interstate 5/El toro Road Interchange Project," dated August 8, 2022.
58.00	Project E						
59.00	Have interchange improvements on the Garden Grove Freeway (SR-22) been constructed at the following interchanges:	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. This project was completed in 2007. Improvements were made to the three interchanges listed below to reduce freeway and street congestion in the area. The project was completed early as a "bonus project" provided by the original Measure M. Please reference: "F7100 EA 0J9601 SR-22 As Built Plans Approved"
59.01	Euclid Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. See notes in Item 59.00.
59.02	Brookhurst Street?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. See notes in Item 59.00.
59.03	Harbor Boulevard?	Att. A, p. 9, Project E	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. See notes in Item 59.00.
60.00	Project F						

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
61.00	Have new lanes, including merging lanes to smooth traffic, been added to the Costa Mesa Freeway (SR-55) between SR-22 and I-405 generally constructed within existing ROW?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>There are two segments for Project F.</p> <p>SR-55, I-405 and I-5: Construction began in June 2022 and is anticipated to be complete in early 2027. The project will generally be constructed within the existing ROW; however, ROW is required at 33 properties. Please reference: "FF101 Project Plans, pgs. 0001-2208," dated August 23, 2021. "FF101 Information Handout," dated December 6, 2021. "FF101 Notice to Bidders and Special Provisions," dated December 6, 2021. "FF101 Project Plans, Addendum 01," dated December 22, 2021. "FF101 Project Plans, Addendum 02," dated January 28, 2022. "FF101 Project Plans, Addendum 03," dated February 9, 2022. "FF101 Project Plans, Addendum 04," dated February 25, 2022.</p> <p>SR-55, I-5 and SR-91: The environmental phase began in January 2017 and completed in March 2020. Final design began in August 2022. Construction is anticipated to begin in 2026. Please reference: "FF102 SR-55, I-5 to SR-91 Project Report," dated March 30, 2020.</p>
62.00	Have operational improvements been made to the SR-55 between SR-91 and SR-22?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Item 61.00. Operations will improve upon construction completion as identified during the environmental phase.
63.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 9, Project F	Capital Programs - Highways	30-year	Not yet required	Rose Casey	See notes in Item 61.00. These improvements will increase capacity reduce congestion upon construction completion as identified during the environmental phase.
64.00	Project G						
65.00	Have the following improvements been made to the Orange Freeway (SR-57):	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>There are a total of five project segments for Project G: Orangewood Avenue to Katella Avenue, Katella Avenue to Lincoln Avenue, Orangethorpe Avenue to Yorba Linda Boulevard, Yorba Linda Boulevard to Lambert Road, and Lambert Road to the Los Angeles County line. Operational improvements will also be made to the Lambert Road interchange.</p> <p>See notes in Items 65.01 to 65.03.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
65.01	A new northbound lane between Orangewood Avenue and Lambert Road?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>See notes in Item 65.00.</p> <p>SR-57 northbound, Katella Avenue to Lincoln Avenue: Construction began in November 2011 and completed in April 2015. Please reference: "FG101 Project Plans, pgs. 001-527," dated April 18, 2011. "FG101 Information Handout," dated July 18, 2011. "FG101 Notice to Bidders and Special Provisions," dated July 18, 2011. "FG101 Project Plans, Addendum 01," dated August 22, 2011. "FG101 Project Plans, Addendum 02," dated August 26, 2011. "FG101 Project Plans, Addendum 03," dated August 30, 2011. "FG101 Final Project Schedule Status Sheet," Project Controls schedule dated May 18, 2015.</p> <p>SR-57 northbound, Orangethorpe Avenue to Yorba Linda Boulevard: Construction began in October 2010 and completed in November 2014. Please reference: "FG102 Project Plans, pgs. 001-100," dated December 14, 2009. The Project Plans were split into several files. Pages 101 to 960 can be found in the Document Center. "FG102 Information Handout," dated May 10, 2010. "FG102 Notice to Bidders and Special Provisions," dated May 10, 2010. "FG102 Project Plans, Addendum 01," dated June 14, 2010. "FG102 Project Plans, Addendum 01 – Plans," dated June 14, 2010. "FG102 Project Plans, Addendum 02," dated August 2, 2013. "FG102 Final Project Schedule Status Sheet," Project Control's schedule dated December 15, 2014.</p> <p>For SR-57 northbound, Yorba Linda Boulevard to Lambert Road: Construction began in November 2010 and completed in May 2014. Please reference: "FG103 Project Plans, pgs. 001-100," dated January 25, 2010. The Project Plans were split into several documents. Pages 101 to 856 can be found in the Document Center. "FG103 Information Handout," dated May 24, 2010.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>"FG103 Notice to Bidders and Special Provisions," dated May 24, 2010. "FG103 Project Plans, Addendum 01," dated May 28, 2010. "FG103 Project Plans, Addendum 02," dated June 30, 2010. "FG103 Project Plans, Addendum 02 – Plans," dated June 20, 2010. "FG103 Project Plans, Addendum 03," dated July 9, 2010. "FG103 Final Project Schedule Status Sheet," Project Control's schedule dated June 17, 2014.</p> <p>SR-57 northbound, Orangewood Avenue to Katella Avenue: The environmental phase was completed in March 2019. Final Design began in March 2022 and is anticipated to begin construction in 2025. Please reference: "FG104 Project Study Report," dated March 29, 2019.</p>
65.02	Improvements to the Lambert Interchange?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>See notes in Item 65.00. The lead agency for the Lambert Road interchange project is the City of Brea. The project is currently in construction and anticipated to be complete in late 2023. "Plans Sheets" can be found on Caltrans' website using Contract No. 12-OC1104, Invitation for Bids dated February 13, 2019.</p>
65.03	Addition of a northbound truck climbing lane between Lambert Road and Tonner Canyon?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey, Dan Phu	<p>See notes in Item 65.00. The fifth project on SR-57 includes improvements to the Lambert Road interchange (see above – 65.02) and a northbound truck climbing lane between Lambert Road and Tonner Canyon Road. The Environmental phase for this project is anticipated to begin in the near future and once completed, the design and construction schedules will be determined.</p>
66.00	Have these improvements increased freeway capacity and reduced congestion?	Att. A, p. 10, Project G	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>The three completed segments of northbound lanes on SR-57 from Katella Avenue to Lincoln Avenue and Orangethorpe Avenue to Lambert Road have increased capacity with the addition of a general-purpose lane and reduced congestion as identified during the environmental phase. The remaining projects will increase capacity and relieve congestion upon construction completion as identified during the environmental phase. See notes in Items 65.01 to 65.03.</p>
67.00	Project H						
68.00	Have improvements been made on the Riverside Freeway (SR-91) from the I-5 to the SR-57?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Rose Casey	<p>Yes. This project provided an additional general-purpose lane in the westbound direction by connecting existing auxiliary lanes through the interchanges within the project limits to create a fourth continuous</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							westbound general-purpose lane. Westbound auxiliary lanes will be placed or added and exit ramps were modified to two-lane exit ramps. Construction began on in February 2013, and completed in June 2016. Please reference: "FH101 Project Plans, pgs. 001-885," dated August 13, 2012. "FH101 Information Handout," dated October 1, 2012. "FH101 Notice to Bidders and Special Provisions," Invitation for Bids dated October 1, 2012. "FH101 Project Plans, Addendum 01," dated November 7, 2012. "FH101 Project Plans, Addendum 02," dated November 26, 2012. "FH101 Final Project Schedule Status Sheet," Project Controls Schedule dated July 19, 2016.
68.01	Has capacity been added in the westbound direction?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. Capacity was provided in the westbound direction as identified during the environmental phase. See notes in Item 68.00.
68.02	Have operational improvements been provided at on and off ramps?	Att. A, p. 11, Project H	Capital Programs - Highways	30-year	Completed	Rose Casey	Yes. Operational improvements were provided at on- and off-ramps with the addition of auxiliary lanes. See notes in Item 68.00.
69.00	Project I						
70.00	On the Riverside Freeway (SR-91) from the SR-57 to the SR-55, has the interchange complex been improved, including nearby local interchanges such as Tustin Avenue and Lakeview Avenue?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Not yet required	Rose Casey	There are two projects for Project I: the portion between SR-55 and Tustin Avenue, which was completed in July 2016, and the portion from west of State College Boulevard to east of Lakeview Avenue, which provides SR-91 freeway mainline widening in the eastbound direction, and modifications to various interchanges, connectors, ramps, and intersections. The project was split into three segments for the design and construction phases. The design phase for all three segments was initiated in 2020. See notes in Item 71.00.
71.00	On the SR-91, has capacity been added between the SR-55 and the SR-57?	Att. A, p. 11, Project I	Capital Programs - Highways	30-year	Not yet required	Rose Casey	SR-91, SR-55 to Tustin Avenue: This project added a westbound auxiliary lane from the westbound SR-55/ westbound SR-91 connector to Tustin Avenue off-ramp and an exit bypass lane on westbound SR-91 to Tustin Avenue off-ramp. Construction began in November 2013 and completed in July 2016.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>Please reference: “FI102 Project Plans, pgs. 001-357,” dated April 15, 2013. “FI102 Information Handout,” dated June 17, 2013. “FI102 Notice to Bidders and Special Provisions,” dated June 17, 2013. “FI102 Project Plans, Addendum 01,” dated July 26, 2013. “FI102 Project Plans, Addendum 02,” dated August 2, 2013. “FI102 Final Project Schedule Status Sheet,” dated August 16, 2016.</p> <p>The environmental phase of the SR-91, SR-55 to SR-57 project began in January 2015 and completed in June 2020. This project was broken into three segments for the design and construction phases. These phases will be funded using net excess 91 Express Lanes revenue as directed by the Board on November 14, 2016. The 91 Express Lanes revenue accelerates project completion, reducing risk and escalation cost.</p> <p>Segment 1, SR-91, SR-55 to Lakeview Avenue: This project will provide westbound operational improvements including the realignment of the existing westbound SR-91 on- and off-ramps and the addition of a new on-ramp from Lakeview Avenue overcrossing bridge to connect direction to southbound SR-55. Design began in March 2020 and is anticipated to begin construction in 2024.</p> <p>Segment 2, SR-91, La Palma Avenue to SR-55: This project will provide an additional eastbound general purpose lane, replace the eastbound shoulder, and restore auxiliary lanes as needed throughout the project limits. Design began in June 2020 and is anticipated to begin construction in 2025.</p> <p>Segment 3: SR-91 Acacia Street to La Palma Avenue: This project will provide westbound operational improvements by adding a fourth general purpose lane along westbound SR-91 from the northbound SR-57 to westbound SR-91 connector, extend the southbound SR-57 to westbound SR-91 connector auxiliary lane through the State College Boulevard interchange. Design began in November 2020 and is anticipated to begin construction in 2025.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							Please reference: "M2 Delivery Plan – Next 10," dated November 14, 2016. "M2 Updated Next 10 Delivery Plan," dated November 13, 2017. "M2 2018 Update: Next 10 Delivery Plan," dated September 10, 2018. "M2 2019 Update: Next 10 Delivery Plan," dated November 11, 2019. "FI103 Final Project Report," dated June 24, 2020.
72.00	Project J						
73.00	Have up to four new lanes on SR-91 between State Route 241 (SR-241) and the Riverside County Line been added?	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>There are three project segments for Project J.</p> <p>SR-91 eastbound, SR-241 to SR-71: This project added one eastbound lane. Construction began in September 2009 and was completed in January 2011. Please reference: "FJ100 Project Plans, pgs. 001-717," dated March 9, 2009. "FJ100 Notice to Bidders and Special Provisions," dated June 8, 2009. "FJ100 Project Plans, Addendum 01," dated June 19, 2009. "FJ100 Project Plans, Addendum 02," dated July 14, 2009. "FJ100 Project Plans, Addendum 03," dated July 27, 2009. "FJ100 Final Project Schedule Status Sheet," dated February 24, 2011.</p> <p>SR-91, SR-55 to SR-241: This project added one new lane in both directions and improved key interchanges. Construction began in May 2011 and was completed in March 2013. Please reference: "FJ101 Project Plans, pgs. 001-100," dated October 25, 2010. The Project Plans were split into several files. Pages 101 to 949 can be found in the Document Center. "FJ101 Information Handout," dated February 22, 2011. "FJ101 Notice to Bidders and Special Provisions," dated February 22, 2011. "FJ101 Project Plans, Addendum 01," dated March 25, 2011. "FJ101 Project Plans, Addendum 01 – Plans," dated March 25, 2011. "FJ101 Project Plans, Addendum 02," dated April 7, 2011. "FJ101 Final Project Schedule Status Sheet," dated April 15, 2013.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>SR-91, SR-241 to SR-71: This project will add a sixth lane to match up with an additional lane to be added by RCTC from the County line to SR-71. OCTA and RCTC are working together ensuring synchronization between the two counties. See notes in Item 75.00 for a link to the latest SR-91 Implementation Plan. Construction on the sixth lane in the westbound direction as part of the SR-91 Corridor Operations Project (COP) between Green River Road and SR-241 was completed in January 2022. An alternatives analysis study of the eastbound direction began in May 2020 to better understand possible improvements given the difficult topography and other constraints. The alternatives analysis report was completed in April 2022. RCTC is leading the effort to proceed with the environmental phase of the eastbound SR-91 COP project. These efforts are anticipated to begin in January 2023.</p> <p>Please reference: "Riverside County Transportation Commission Update on Ongoing Projects in the State Route 91 Corridor," dated March 4, 2022.</p>
74.00	<p>Was the following taken into consideration: Making best use of available freeway property, adding reversible lanes, building elevated sections, and improving connections to SR-241?</p>	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>When a project goes through the environmental phase, all viable alternatives are considered, and the best alternative is determined at that time. This is true for this project. OCTA is also working with the Transportation Corridor Agencies, who is the named lead on the design and construction of the SR-91/SR-241 Direct Connector Project.</p> <p>Please reference: "Framework for Implementation of the State Route 241/91 Express Lanes Connector," dated October 28, 2019.</p>
75.00	<p>Were the projects constructed with similar coordinated improvements in Riverside County extending to I-15 with the funding for those in Riverside County paid for from other sources?</p>	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>Yes. The SR-91 Implementation Plan, required by the state legislature to be updated annually, requires coordination between the two counties. Orange County and Riverside County are working cooperatively on all SR-91 projects. Project improvements within Riverside County limits are not paid for by Measure M.</p> <p>Please reference: "Draft 2022 State Route 91 Implementation Plan," dated June 13, 2022.</p>
76.00	<p>Also, was one new lane added in each direction on SR-91 between SR-241 and SR-55 and were the interchanges improved?</p>	Att. A, p. 12, Project J	Capital Programs - Highways	30-year	Completed	Rose Casey	<p>Yes. This project was completed in March 2013. Improvements to the Lakeview Avenue Interchange, Imperial Highway and Weir Canyon were included in this project. See notes in Item 73.00.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
77.00	Project K						
78.00	Have new lanes been added to the San Diego Freeway (I-405) between the I-605 and the SR-55?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Modified; Not yet required	Rose Casey	<p>On October 22, 2012, the Board recommended Alternative 1 from the EIR/EIS, which adds a general purpose lane in each direction on I-405 between Euclid Street and I-605, as the preferred alternative. On December 9, 2013, the Board reaffirmed the recommendation of Alternative 1 and directed that the alternative be built in a manner that does not preclude additional freeway capacity in the future. On July 25, 2014, Caltrans recommended that OCTA select the alternative that would add an additional lane of capacity to be combined with the HOV lanes on I-405 from SR-73 to I-605 in addition to the general purpose lanes previously recommended by OCTA. On September 22, 2014, the Board reasserted its position and directed staff to proceed with the M2 commitment to add one general purpose lane in each direction.</p> <p>The environmental phase was completed in May 2015. OCTA is implementing the preferred alternative using the design-build delivery method and will acquire all necessary ROW. The addition of one general-purpose lane in each direction on I-405 from Euclid Street to I-605 is M2 Project K. The addition of a second lane in the median, which when combined with the existing HOV lane, becomes the two-lane express facility in each direction, will be funded with non-M2 funding sources. The Board awarded the design-build construction contract in November 2016. Construction began in January 2017. Substantial completion and opening of the 405 Express Lanes are anticipated in late 2023.</p> <p>Please reference the following staff reports: "Selection of Locally Preferred Alternative for the I-405 Improvement Project Between SR-55 and I-605," dated October 22, 2012. "Update on the I-405 Improvement Project," dated December 9, 2013. "Update on the I- 405 Improvement Project Between SR-55 and I-605," dated September 22, 2014.</p>
79.00	Has the project made best use of available freeway property, updated interchanges and widened all local overcrossings according to city and regional master plans?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	<p>Yes. The majority of the ROW needed are temporary construction easements and some partial fee acquisitions. Local interchanges and overcrossings will be improved and widened according to city and regional master plans. Design of the local facilities has been closely coordinated with each corridor city.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
80.00	Have the improvements been coordinated with other planned I-405 improvements in the I-405/SR-22/I-605 interchange area to the north and I-405/SR-73 improvements to the south?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Yes. The I-405 improvements have been coordinated with the West County Connector improvements at the I-405/SR-22/I-605 interchange that have been completed. There will be a direct connector linking the I-405 Express Lanes with SR-73 to the south.
81.00	Have the improvements adhered to recommendations of the Interstate 405 Major Investment Study adopted by the Board of Directors on October 14, 2005?	Att. A, p. 13, Project K	Capital Programs - Highways	30-year	Not yet required	Rose Casey	Yes. The improvements will add one general-purpose lane in each direction as recommended in the I-405 Major Investment Study.
82.00	Project L						
83.00	Have new lanes been added to the San Diego Freeway (I-405) between the SR-55 and the I-5?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Not yet required	Rose Casey	A project study report was completed in 2013. The environmental phase began in December 2014 and was completed in August 2018. Project B (I-5, I-405 to SR-55) is a parallel project designated for construction. As a result, Project L will follow to avoid excessive inconvenience to the public. Additionally, a significant Caltrans safety project is scheduled to take place within the Project L project limits and will require additional coordination. Please reference: "M2 Delivery Plan – Next 10," dated November 14, 2016. "M2 Updated Next 10 Delivery Plan," dated November 13, 2017. "M2 2018 Update: Next 10 Delivery Plan," dated September 10, 2018. "M2 2019 Update: Next 10 Delivery Plan," dated November 11, 2019. "M2 2020 Update: Next 10 Delivery Plan," dated April 12, 2021. "M2 2021 Update: Next 10 Delivery Plan," dated December 13, 2021. "M2 2022 Update: Next 10 Delivery Plan," dated November 14, 2022. "FL101 Final Project Report," dated September 5, 2018.
84.00	Have chokepoints at interchanges been improved and merging lanes added near on/off ramps such as Lake Forest Drive, Irvine Center Drive and SR-133 to improve the overall freeway operations in the I405/I-5 El Toro "Y" area?	Att. A, p. 14, Project L	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The project includes on- and off-ramp realignment at various locations, as well as auxiliary lanes between on- and off-ramps where required. See notes in Item 83.00.
85.00	Project M						
86.00	Have freeway access and arterial connections to I-605 serving the communities of Los Alamitos and Cypress been improved?	Att. A, p. 15, Project M	Capital Programs – Highways	30-year	Not yet required	Rose Casey	The project study report was approved in May 2015. The environmental phase began in August 2016 and was completed in October 2018. Final design began in December 2020 with construction anticipated to begin in mid-2024.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							"Final Project Report," dated November 8, 2018.
87.00	Has the project been coordinated with other planned improvements to the SR-22 and I-405?	Att. A, p. 15, Project M	Capital Programs - Highways	30-year	Not yet required	Rose Casey	The project takes into consideration the I-405 Design-Build construction project and other projects as identified during the environmental phase.
88.00	Project N						
89.00	Are basic freeway service patrols available Monday through Friday during peak commute hours?	Att. A, p. 15, Project N	Executive Office	30-year	Done to date	Patrick Sampson	<p>Yes. Freeway Service Patrol (FSP) operates service on all Orange County Freeways during peak commute hours. Midday and weekend service was added in June 2012, and construction service to support the widening of the I-405 was added in July 2018.</p> <p>A statewide benefit/cost analysis is performed annually and is incorporated into future service planning. Recent modifications include reallocating service hours from peak hour to midday service to address changes in commute traffic patterns. Four contracted tow companies provide FSP service through agreements that were competitively procured. Current FSP agreements provide FSP services through December 1, 2023, and October 2, 2027.</p> <p>Please reference: "Agreements for Freeway Service Patrol Services," dated March 8, 2021.</p> <p>M2 funds supplement Caltrans State Highway Account (SHA), Caltrans Road Repair and Recovery Act of 2017 (SB1), and Orange County Service Authority for Freeway Emergencies (SAFE) funds as the last dollars in, to ensure that appropriate service levels are maintained.</p>
90.00	Requirements for Eligible Jurisdictions						
91.00	In order to be eligible to receive Net Revenues, has each jurisdiction satisfied the following requirements:	Att. B, Sec. III.A	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	See notes in Items 91.01 to 91.18.
91.01	Complied with the conditions and requirements of the Orange County Congestion Management Program (CMP)?	Att. B, Sec. III.A.1	Planning	Recurring	Done to date	Adriann Cardoso/	Yes. Required in odd years only. This requirement was submitted to OCTA and was presented to the Board on December 13, 2021, as part of the Annual Eligibility Review. The next CMP submittal is due in 2023.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
						Charvalen Alacar	Please reference: "M2 Annual Eligibility Review," dated December 13, 2021.
91.02	Assessed traffic impacts of new development and required new development to pay a fair share of improvements attributable to it?	Att. B, pp B-7 to 10, Sec. III.A.2	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required biennially except when there is an updated mitigation fee program. This requirement was submitted to OCTA and was presented to the Board on December 13, 2021, as part of the Annual Eligibility Review. The next submittal is due in 2023 unless there is an updated mitigation fee program. Please reference: "M2 Annual Eligibility Review," dated December 13, 2021.
91.03	Adopted and maintained a Circulation Element of its General Plan consistent with the MPAH?	Att. B, Sec. III.A.3	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required biennially. This requirement was submitted to OCTA and was presented to the Board on December 13, 2021, as part of the Annual Eligibility Review. The next submittal is due in 2023. Please reference: "M2 Annual Eligibility Review," dated December 13, 2021.
91.04	Adopted and updated biennially a six-year Capital Improvement Program that includes all capital transportation projects?	Att. B, Sec. III.A.4	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA requires an annual seven-year CIP. This requirement was submitted to OCTA and was presented to the Board on November 14, 2022, as part of the Annual Eligibility Review. Please reference: "M2 Annual Eligibility Review," dated November 14, 2022.
91.05	Participated in Traffic Forums as described in Attachment B?	Att. B, Sec. III.A.5	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is an annual requirement. Local jurisdictions must attend at least one traffic forum on an annual basis to remain eligible for M2 net revenues. This requirement was presented to the Board on November 14, 2022, as part of the Annual Eligibility Review. Please reference: "M2 Annual Eligibility Review," dated November 14, 2022.
91.06	Adopted and maintained a Local Traffic Signal Synchronization Plan that identifies signalization street routes and signals; a three-year plan showing costs, available funding and phasing of capital, operations and maintenance of the street routes and traffic signals; and included information on how the street routes and signals may be synchronized with signals and routes in adjoining jurisdictions; and is consistent with the Traffic Signal Synchronization Master Plan?	Att. B, Sec. III.A.6	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required every three years. This requirement was adopted by local jurisdictions' governing bodies and was presented to the Board on December 14, 2020, as part of the Annual Eligibility Review. The next submittal is due in 2023. Please reference: "M2 Annual Eligibility Review," dated December 14, 2020.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
91.07	Adopted and updated biennially a Pavement Management Plan (PMP) and issued, using a common format approved by the Authority, a report every two years regarding the status of road pavement conditions and implementation of the Pavement Management Plan?	Att. B, Sec. III.A.7	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. 14 jurisdictions update PMPs on odd-year cycle, while 21 jurisdictions update on an even-year cycle as part of the M2 Annual Eligibility Review. Even-year cycle reports were presented to the Board on November 14, 2022, as part of the M2 Annual Eligibility Review. Odd-year cycle reports were presented to the Board on December 13, 2021. All prior reports to date have been submitted and approved per the requirements and noted in the previous year's tracking matrix. Please reference: "M2 Annual Eligibility Review," dated December 13, 2021 (for odd-year agencies). "M2 Annual Eligibility Review," dated November 14, 2022 (for even-year agencies).
91.08	Has the Authority, in consultation with the Eligible Jurisdictions, defined a countywide management method to inventory, analyze and evaluate road pavement conditions and a common method to measure improvement of road pavement conditions?	Att. B, Sec. III.A.7.a	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Countywide Pavement Management Program Guidelines which implement Att. B, Sec. III. A.7.a. b. and c. were developed by OCTA staff in consultation with the Technical Advisory Committee and approved by the Board on May 24, 2010. The PMP guidelines were last revised and approved by the Board on March 14, 2022. Please reference: "Fiscal Year 2022-23 Updates to the M2 Eligibility and Pavement Management Plan Guidelines," dated March 14, 2022.
91.09	Included in its PMP: -Current status of pavement on roads -Six-year plan for road maintenance and rehabilitation, including projects and funding -Projected road conditions resulting from the maintenance and rehabilitation plan -Alternative strategies and costs necessary to improve road pavement conditions	Att. B, Sec. III.A.7.b-c	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. All local jurisdictions have adopted PMPs fully compliant with Att. B, Sec. III. A. 7, inclusive. All prior reports to date have been submitted and approved per the requirements and noted in previous year tracking matrices. Please reference: "M2 Annual Eligibility Review," dated December 13, 2021 (for odd-year agencies). "M2 Annual Eligibility Review," dated November 14, 2022 (for even-year agencies).
91.10	Adopted an annual Expenditure Report to account for Net Revenues, developer/traffic impact fees, and funds expended	Att. B, Sec. III.A.8	Planning	Recurring	Done to date	Adriann Cardoso/	Yes. The Board was presented with the Annual Expenditure Reports for FY 2020-21 on June 13, 2022, for all local jurisdictions.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
	by the Eligible Jurisdiction which satisfy the MOE requirements?					Charvalen Alacar	Please reference: "M2 Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022.
91.11	Submitted the Expenditure Report by the end of six months following the end of the jurisdiction's FY and included all Net Revenue fund balances and interest earned, and expenditures identified by type and program and project?	Att. B, Sec. III.A.8	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. All local agencies have submitted the expenditure reports by the end of six months following the end of the jurisdiction's FY. Please reference: "M2 Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022. Expenditure Reports for FY 2021-22 are due to OCTA by December 31, 2022, and will be presented to the AER Subcommittee and TOC in March/April of 2023 and are anticipated to be approved by the Board in June of 2023.
91.12	Provided the Authority with a Project Final Report within six months following completion of a project funded with Net Revenues?	Att. B, Sec. III.A.9	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. An ongoing monitoring report is tracked frequently and uploaded annually to the M2 Document Center. Please reference: "2022 M2 Eligibility Compliance - 180 Day Tracking Report."
91.13	Agreed that Net Revenues for Regional Capacity Program projects and Traffic Signal Synchronization Program projects shall be expended or encumbered no later than the end of the FY for which the Net Revenues are programmed, subject to extensions?	Att. B, Sec. III.A.10.a	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Net revenues are being expended and encumbered as required. They are monitored through the M2 Master Tracker Database and the Semi-Annual Review (SAR) Process.
91.14	Any requests for extensions of the encumbrance deadline for no more than 24 months were submitted to the Authority no less than 90 days prior to the deadline?	Att. B, Sec. III.A.10.a	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. These requests are monitored through the M2 Master Tracker Database and the SAR Process.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
91.15	Agreed that Net Revenues for any program or project other than Regional Capacity Program projects or Traffic Signal Synchronization Program projects shall be expended or encumbered within three years of receipt, subject to extension?	Att. B, Sec. III.A.10.b	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Net revenues are being expended and encumbered consistent with these requirements. They are monitored through the M2 Master Tracker Database and the SAR Process.
91.16	Agreed that if the above time limits were not satisfied, to return to the Authority any retained Net Revenues and interest earned on them to be available for allocation to any project within the same source?	Att. B, Sec. III.A.10.c	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Local agencies that did not meet the three-year expenditure deadline were not paid for expenditures incurred beyond the expenditure deadline. This is continuously monitored via Local Program's payment processes and also documented in the M2 Master Tracker Database. To date, all agencies have not run into this issue. As a result, no SMP and LFS funds have been returned with interest.
91.17	Annually certified MOE requirements of Ordinance No. 3, Sec. 6?	Att. B, Sec. III.A.11	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. The Board approved the annual expenditure reports for 35 local agencies on June 13, 2022. Please reference: "M2 Eligibility Review Recommendations for Fiscal Year 2020-21 Expenditure Reports," dated June 13, 2022.</p> <p>On May 13, 2019, for the first time during the life of Measure M or M2, the Board found two cities ineligible to receive M2 revenues. Both the City of Stanton and the City of Santa Ana failed to satisfy the eligibility requirement of meeting the minimum MOE, a level of local streets and roads discretionary expenditures. As a result, net M2 payments for the two cities were suspended until the cities re-established eligibility by demonstrating compliance through an audit of M2-related expenditures for FY 2018-19. As part of the compliance requirement, the FY 2018-19 MOE requirements were increased by the amount that the Cities fell short in meeting the FY 2017-18 audit. Please reference: "M2 Eligibility for the City of Stanton," and "M2 Eligibility for the City of Santa Ana," dated May 13, 2019.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							A second audit was completed in early 2020 by the OCTA Internal Auditor and determined that both cities met their FY 2018-19 MOE requirement which includes additional MOE expenditures to make up for the shortfall identified in OCTA's original FY 2017-18 audit. On April 13, 2020, the Board reinstated the cities of Stanton and Santa Ana's eligibility to receive net M2 funds. Please reference: "M2 Eligibility for the City of Stanton," and "M2 Eligibility for the City of Santa Ana," dated April 13, 2020.
91.18	Agreed that Net Revenues were not used to supplant developer funding which has or will be committed for any transportation project?	Att. B, Sec. III.A.12	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required annually. This was last presented to the Board for approval on November 14, 2022, as part of the Annual Eligibility Review. Please reference: "M2 Annual Eligibility Review," dated November 14, 2022.
91.19	Considered as part of its General Plan, land use planning strategies that accommodate transit and non-motorized transportation?	Att. B, Sec. III.A.13	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. This is required annually. This was last presented to the Board for approval on November 14, 2022, as part of the Annual Eligibility Review. Please reference: "M2 Annual Eligibility Review," dated November 14, 2022.
92.00	Requirements Related to Specific Streets and Roads Projects						
93.00	Project O - Regional Capacity Program						
94.00	Prior to the allocation of Net Revenues for any Street and Road Project, has the Authority, in cooperation with affected agencies, determined the entity(ies) to be responsible for the maintenance and operation thereof, utilizing maintenance and operating agreements with each agency receiving streets and roads funding?	Att. B, Sec. II.C	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA relies on California Streets and Highways Code Sections 900-909 and 1800-1813 for Counties and Cities, respectively, which establishes the authority and obligations of local agencies to construct, maintain, and operate local streets and roads. For road projects implemented by OCTA on behalf of local agencies (e.g., select grade separations), OCTA enters cooperative agreements for construction and maintenance prior to implementation. Please reference: C-9-0413 Anaheim; C-9-0412 Placentia; C-9-0576 Fullerton
95.00	Has each eligible jurisdiction contributed local matching funds equal to 50 percent of Project O project or program costs?	Att. A, p. 18, Project O and Att. B, p. B-12, Sec. V.A.1	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Except when a match reduction has been approved. Funding recommendations for the 2022 call for projects (call) were approved by the Board on May 9, 2022. Additional information on each fund source and percentage is available online on OC Fund Tracker. Please reference: "Comprehensive Transportation Funding Programs (CTFP) - 2022 Call Programming Recommendations," dated May 9, 2022.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
96.00	Alternatively, have jurisdictions who qualified for a ten- and/or five-percent reductions as provided in Attachment B met those reduced match level requirements?	Att. A, p. 18, Project O and Att. B, Sec. V.A.1.a-c	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Funding recommendations for the 2022 call were approved by the Board on May 9, 2022. Additional information on each fund source and percentage is available online on OC Fund Tracker. Please reference: “CTFP - 2022 Call Programming Recommendations,” dated May 9, 2022.
97.00	Has a countywide competitive procedure for Project O been adopted by the Authority?	Att. B, Sec. V.A.2	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved the revised the CTFP Guidelines and issued the 2023 CTFP annual call on August 8, 2022. Please reference: “Release 2023 Annual Call for M2 CTFP,” dated August 8, 2022.
98.00	Have eligible Jurisdictions been consulted by the Authority in establishing criteria for determining priority for Project O allocations?	Att. B, Sec. V.A.2	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Technical Advisory Committee (TAC) recommended approval of modifications to the 2023 CTFP Guidelines on June 22, 2022, prior to the Board’s action in August. Please reference: “TAC Agenda Packet,” dated June 22, 2022. “TAC Agenda Packet,” dated November 9, 2022, for the June 22, 2022 meeting minutes.
99.00	Has funding under Project O been provided for construction of railroad over or underpass grade separations where high volume streets are impacted by freight trains along the Burlington Northern Santa Fe Railroad in northern Orange County?	Att. A, p. 18, Project O	Capital Programs, Planning	30-year	Done	Rose Casey & Adriann Cardoso	Yes. The Board authorized use of \$152.6 million in M2 funds as match for Trade Corridor Improvements Fund funding for seven grade separation projects. Please reference: “Capital Programming Update,” dated June 13, 2022. All seven grade separations have been completed and are open to traffic. Please reference: “OC Bridges Railroad Grade Separation Completion,” staff presentation dated December 11, 2017.
100.00	Project P - Regional Traffic Signal Synchronization Program						
101.00	Have the Cities, the County of Orange and Caltrans, as required, worked together to prepare a common Traffic Signal Synchronization Master Plan and the necessary governance and legal arrangements before receiving funds, and has the Authority adopted and maintained the Master Plan which was a part of the MPAH?	Att. A, p. 19, Project P and Att. B, Sec. V.B.1	Planning	One-time, start-up	Done	Anup Kulkarni	Yes. Please reference: “Guidelines for the Preparation of the Local Signal Synchronization Plans,” dated July 26, 2010.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
102.00	Does the Master Plan include synchronization of street routes and traffic signals within and across jurisdictional boundaries and the means of implementing, operating, and maintaining the programs and projects including necessary governance and legal arrangements?	Att. A, p. 19, Project P and Att. B,V.B.1	Planning	One-time, start-up	Done	Anup Kulkarni	Yes. Please reference: " Guidelines for the Preparation of the Local Signal Synchronization Plans ," dated July 26, 2010.
103.00	Has a countywide, competitive procedure been adopted by the Authority in consultation with eligible jurisdictions in establishing criteria for determining priority for allocations?	Att. B, Sec. V.B.2.a	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Procedures are developed by staff in consultation with the local jurisdictions and then approved by the Board for each call with the priority for allocation updated as well. Please reference: " Release 2023 Annual Call for M2 CTFP ," dated August 8, 2022, see "CTFP Guidelines – 2023 Call for Projects," chapter 8 in Attachment B.
104.00	Has the Authority given priority to programs and projects which include two or more jurisdictions?	Att. B, Sec. V.B.2.b	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Please reference: " Release 2023 Annual Call for M2 CTFP ," dated August 8, 2022, see "CTFP Guidelines – 2023 Call," chapter 8, page 8-18 in Attachment B.
105.00	Has the Authority encouraged the State to participate in the Regional Traffic Signal Synchronization Program and given priority to use of transportation funds as match for the State's discretionary funds used for implementing Project P?	Att. B, Sec. V.B.2.c	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P allows state participation and allows for match to be fulfilled with both in-kind and cash. Match beyond 20 percent (including State discretionary funds) is provided additional priority in the evaluation. Please reference: " Release 2023 Annual Call for M2 CTFP ," dated August 8, 2022, see "CTFP Guidelines – 2023 Call," chapter 8, page 8-5, 8-18, and 8-21 in Attachment B.
106.00	Has each local jurisdiction contributed matching local funds equal to 20 percent of the program or project cost? (May be satisfied all or in part with in-kind services provided by the Eligible Jurisdiction including salaries and benefits)	Att. A, p. 19, Project P and Att. B,V.B.3	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P requires a minimum 20 percent match. Please reference: " Release 2023 Annual Call for M2 CTFP ," dated August 8, 2022, see "CTFP Guidelines – 2023 Call," chapter 8, page 8-21 in Attachment B.
107.00	Has the project provided funding for ongoing maintenance and operation of the synchronization plan?	Att. A, p. 19, Project P	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P requires ongoing maintenance and monitoring of the synchronization and provides funding for this task. Please reference: " Release 2023 Annual Call for M2 CTFP ," dated August 8, 2022, see "CTFP Guidelines – 2023 Call," chapter 8, page 8-2 in Attachment B.
108.00	Have local jurisdictions publicly reported on the status and performance of their signal synchronization efforts at least every three years?	Att. A, p. 19, Project P and	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Status and performance of their signal synchronization efforts were reported in the Local Signal Synchronization Plan Updates that were completed June 30, 2020. The next submittal is due June 2023.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
		Att. B, Sec. V.B.4					Please reference: "M2 Annual Eligibility Review," dated December 14, 2020.
109.00	Has signal equipment to give emergency vehicles priority at intersections been an eligible expense for projects implemented as part of this program?	Att. A, p. 19, Project P	Planning	Recurring	Done to date	Anup Kulkarni	Yes. Project P includes signal equipment to give emergency vehicles priority at intersections as an eligible expense. Please reference: "Release 2023 Annual Call for M2 CTFP," dated August 8, 2022, see "CTFP Guidelines – 2023 Call," chapter 8, page 8-15 in Attachment B.
110.00	Have eligible jurisdictions and Caltrans, with the County of Orange and the Orange County Division of League of Cities, established boundaries for Traffic Forums?	Att. B, Sec. III.A.5	Planning	Recurring	Done to date	Anup Kulkarni	Yes. See the guidelines for the preparation of the original Local Signal Synchronization Plans that went to the Board on July 26, 2010, and also see the latest annual eligibility guidelines from March 14, 2022. Please reference: "Guidelines for the Preparation of the Local Signal Synchronization Plans," dated July 26, 2010. "Revisions to the M2 Eligibility Guidelines," dated March 14, 2022.
111.00	Project Q - Local Fair Share Program						
112.00	Are Local Fair Share funds distributed by a formula that accounts for the following factors and weightings: - Population - 50%? - Street mileage - 25%? - Amount of sales tax collection in each jurisdiction - 25%?	Att. A, p. 20, Project Q Att. B, Sec. 5.C.1-3	Planning, F&A	Recurring	Done to date	Sean Murdock	Yes. See General Accounting payments for Local Fair Share funds for FY 2020-21. Also see the Agreed-Upon Procedures to the M2 Status Report for FY 2021-22 related to Local Fair Share disbursements. Please reference: "FY 2021-22 Project Q Local Fair Share Payments" "FY 2021-22 Single Audit and Agreed-Upon Procedures Reports," Attachment D, dated February 13, 2023.
113.00	General Requirements Related to Transit Projects						
114.00	Have Metrolink extensions been evaluated against well-defined and well-known criteria detailed in the Renewed Measure M Transportation Investment Plan?	Att. A, p.23, Project S	Operations (for Project S)	Recurring	Done to date	Johnny Dunning, Jim Beil & Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved Project S funding guidelines for fixed guideway projects on September 13, 2010. Project S guidelines for Bus and Station Van Extension projects were approved by the Board on December 12, 2011. Please reference: "M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only)," dated September 13, 2010. "Project S 2012 Guidelines for Bus and Station Van Extension Projects," dated December 12, 2011.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
115.00	Has the Authority made every effort to maximize state and federal transit dollars?	Att. B, Sec. II.B.1	Planning	Recurring	Done to date	Adriann Cardoso	Yes. Consistent with Board of Directors approved programming policies, OCTA has maximized state and federal transit dollars for rail capital projects, as well as rail rehab projects. To date, OCTA has programmed \$342 million in state, \$867 million in federal and \$89 million in other local funds which will be used for rail capital projects in place of M2 funds. A regular review of project funding and status occurs monthly, and all programming actions are made in accordance with the Board policies to maximize state and federal funding. Please reference: "Securing State and Federal Formula Funds for Highway, Transit, and Complete Streets Priority Projects," dated December 12, 2022.
116.00	Prior to the allocation of Net Revenues for a Transit Project, has the Authority obtained a written agreement from the appropriate jurisdiction that the project will be constructed, operated, and maintained to minimum standards acceptable to the Authority?	Att. B, Sec. II.B.2	Operations & Capital Programs (for Project V)	Recurring	Done to date	Johnny Dunning & Adriann Cardoso/Charvalen Alacar	Yes. As transit projects are approved for development and/or funding by the Board to be implemented or in any way augmented by OCTA or Board-approved funding, necessary agreements are entered into with each jurisdiction to define roles and responsibilities during project phases as well as post-completion. At any given time, there are multiple agreements in place for projects. To date, there are active agreements in place for all funded capital projects. See example such as the Orange Transportation Center Parking Structure contract C-3-2065 . Agreements for all transit projects can be found in the M2 Document Center.
117.00	Requirements Related to Specific Transit Projects						
118.00	Has a series of new, well-coordinated, flexible transportation systems, each one customized to the unique transportation vision the station serves, been developed?	Att. A, p. 21 - General Transit, Att. A, p. 23, Project S	Capital Programs & Operations (for Project S)	30-year	Not yet required	Jim Beil & Adriann Cardoso/Charvalen Alacar	Yes. The Board approved the Project S funding guidelines on September 13, 2010, and December 12, 2011 (See notes in Item 114.00). On November 22, 2010, the Board evaluated and awarded Project S funds to the City of Anaheim and the City of Santa Ana for preliminary engineering of fixed-guideway projects. However, on June 27, 2016, the Board approved an amendment to Agreement (C-1-3115) with City of Anaheim to conclude all planning efforts on their fixed-guideway project. The Santa Ana-Garden Grove OC Streetcar project has an executed Full Funding Grant Agreement with FTA and is in the construction phase. On July 23, 2012, four rubber-tire projects were approved for the first call. Three projects were cancelled and one (City of Anaheim) was implemented and completed (as of June 30, 2020). The

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>City of Anaheim project has continued (as of July 1, 2020) under a Project V grant. No other rubber-tire project calls are anticipated at this time. Please reference:</p> <p>"M2 Project S Programming Recommendations," dated November 22, 2010.</p> <p>"Project S Bus and Station Van Extension – 2012 Call Programming Recommendations," dated July 23, 2012.</p> <p>"CTFP SAR – September 2015," dated December 14, 2015.</p> <p>"Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar," dated June 27, 2016.</p>
119.00	Project R - High Frequency Metrolink Service						
120.00	<p>Has Project R increased rail services within the county and provided frequent Metrolink service north of Fullerton to Los Angeles?</p>	<p>Att. A, p. 23, Project R</p>	<p>Operations</p>	<p>30-year</p>	<p>Done to date</p>	<p>Johnny Dunning</p>	<p>Yes. Through the completion of the Metrolink Service Expansion Program (MSEP) capital activities, additional service has been added, providing more intra-county trains. MSEP improvements have added infrastructure to support as many as 76 trains a day, but the Comprehensive Business Plan currently shows that only 59 are sustainable based on projected revenues and operating funds, and that number has been added over the past several years. Ten intra-county trains and two Inland Empire-OC trains have been added since July 2011.</p> <p>Effective October 14, 2019, two of the existing MSEP trains serving Laguna Niguel to Fullerton were extended to serve Los Angeles. A new round trip on the 91 Line was also implemented, providing additional service between Los Angeles and Riverside via Fullerton.</p> <p>In March 2020, all Metrolink services were impacted by the statewide enforcement of stay-at-home orders that resulted from the COVID-19 pandemic. Metrolink implemented temporary service reductions in March and November 2020 due to the decline in ridership. In April 2022, Metrolink partially restored some service in response to customer feedback and demand for more train trips. As of December 31, 2022, the three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) are operating 45 weekday trains, a 17 percent reduction from the 54 daily trains being run prior to</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>the pandemic. As ridership continues to recover, Metrolink and OCTA will continue to reassess the service needs in Orange County. Please reference: “Metrolink Service Expansion Program Update,” dated November 26, 2012. “Proposed Fiscal Year 2019-20 (FY20) Southern California Regional Rail Authority Budget,” dated May 13, 2019. “Metrolink Update – Performance Overview, COVID-19 Response, Budget Development,” dated May 11, 2020. “Metrolink FY 2021-22 Performance Report,” dated October 24, 2022.</p>
121.00	<p>Has Project R provided for track improvements, more trains, and other related needs to accommodate the expanded service?</p>	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jim Beil	<p>Yes. Project R has made numerous improvements to passenger rail infrastructure, with more on the way. This is an ongoing program of improvements as needed, based on available Project R and state and federal funding. Current projects include track, signal, and rail crossing improvements to enhance rail operations and safety. Construction of the Laguna Niguel to San Juan Capistrano passing siding was completed in November 2020, design for replacement of the San Juan Creek railroad bridge is underway, various safety and security improvements, and work to finalize a south County rail corridor climate change assessment was completed in January 2021. Project development began on numerous Metrolink Southern California Optimized Rail Service (SCORE) projects in Orange County which include numerous track and signal improvements to increase rail operations capacity. For 2022 status of Project R improvements, please reference: “Second Quarter FY 2022-23 Capital Action Plan Performance Metrics Report,” dated February 13, 2023.</p>
122.00	<p>Has the service included upgraded stations and added parking capacity; safety improvements and quiet zones along the tracks; and frequent shuttle service and other means to move arriving passengers to nearby destinations?</p>	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Done to date	Jim Beil/Megan Taylor	<p>Yes. Construction has been completed on the Orange Metrolink Station parking structure (February 2019), pedestrian access improvements to the undercrossing at Laguna Niguel/Mission Viejo (LN/MV) Station (September 2017), a new second elevator at the Fullerton Station (May 2019), lighting enhancements at San Clemente Pier (March 2017), and new and rehabilitated detectable tiles were installed on train platforms at all stations (June 2021). Project development is underway on a new Metrolink station in the City of Placentia,</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>construction is underway on additional passenger platforms and station track at Anaheim Canyon Station, and environmental clearance work began on the Irvine Station reconfiguration (which is part of the Metrolink SCORE program). The project is anticipated to be completed in January 2023.</p> <p>Please reference: "Second Quarter FY 2022-23 Capital Action Plan Performance Metrics Report," dated February 13, 2023.</p>
123.00	<p>Has Project R included funding for improving grade crossings and constructing over or underpasses at high volume streets that cross Metrolink tracks?</p>	Att. A, p. 23, Project R	Capital Programs - Rail	30-year	Awaiting Funding Availability	Jim Beil/Jason Lee	<p>Yes. Grade separation environmental documents are completed for the 17th Street grade separation project in Santa Ana, and State College Boulevard project in Anaheim. There are five other grade separations with PSR or PSR equivalents completed and awaiting funding to proceed further.</p>
124.00	<p>Project S - Transit Extensions to Metrolink</p>						
125.00	<p>Has a competitive program been established for local jurisdictions to broaden the reach of the rail system to other activity centers and communities?</p>	Att. A, p. 23, Project S	Planning	30-year	Done to date	Adriann Cardoso/Charvalen Alacar	<p>Yes. Project S Guidelines were developed for both fixed guideway and rubber tire projects and are included in OCTA's CTFP Guidelines which specifies the criteria for projects to be evaluated when competing for funding. The CTFP Guidelines are updated annually, with the latest revision to the Project S guidelines in August 2017.</p> <p>Please reference: "M2 CTFP – 2018 Annual Call," dated August 14, 2017.</p>
126.00	<p>Have proposals for extensions been developed and supported by local jurisdictions and evaluated against well-defined and well-known criteria as follows:</p> <ul style="list-style-type: none"> - Traffic congestion relief? - Project readiness with priority to projects that can be implemented within the first five years of the Plan? - Local funding commitments and the availability of right of way? - Proven ability to attract other financial partners, both public and private? - Cost-effectiveness? - Proximity to jobs and population centers? 	Att. A, p. 23, Project S	Planning	30-year	Done to date	Adriann Cardoso/Charvalen Alacar	<p>Yes. Following the criteria identified in the Ordinance as well as the guidelines specified for Project S in the CTFP Guidelines adopted by the Board, the first round of applications for fixed guideway funding were evaluated on November 22, 2010. The same process was followed for the Rubber Tire call under Project S. The Board approved the Project S Guidelines for the Bus and Station Extension Projects Linking to the Metrolink Corridor on December 12, 2011. All projects recommended to move forward and those not recommended to move forward are presented to the Board as part of the call programming recommendations staff reports. On June 27, 2016, the Board approved</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
	<ul style="list-style-type: none"> - Regional as well as local benefits? - Ease and simplicity of connections? - Compatible, approved land uses? - Safe and modern technology? - A sound, long-term operating plan? 						<p>an amendment to Agreement C-1-3115 with City of Anaheim to conclude all planning efforts on their fixed-guideway project. Please reference:</p> <p>"M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only)," dated September 13, 2010.</p> <p>"Project S 2012 Guidelines for Bus and Station Van Extension Projects," dated December 12, 2011.</p> <p>"Project S Bus and Station Van Extension - 2012 Call Programming Recommendations," dated July 23, 2012.</p> <p>"Fixed-Guideway Policy Decisions Overview," dated May 12, 2014.</p> <p>"Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans," dated August 11, 2014.</p> <p>"Memorandum of Understanding with the City of Santa Ana for the Santa Ana/Garden Grove Streetcar Project," dated July 13, 2015.</p> <p>"Anaheim Rapid Connection and Future Transit Connectivity to OC Streetcar," dated June 27, 2016.</p>
126.01	<p>Has Project S, as required, not been used to fund transit routes that are not directly connected to or that would be redundant to the core rail service on the Metrolink corridor?</p>	Att. A, p. 23, Project S	Planning	30-year	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Any Project S funds that have been approved by the Board have been consistent with the program guidelines and as such have only been made available for guideway projects and rubber tire projects that directly connect to an existing Metrolink station. On August 11, 2014, the Board approved the use of Project S funds for operations of fixed-guideway projects. The OC Streetcar Project funding plan (revised) was approved by the Board on July 9, 2018.</p> <p>Please reference the following for documentation of compliance:</p> <p>"M2 Project S Programming Recommendations," dated November 22, 2010.</p> <p>"M2 Project S Cooperative Agreements with Cities of Anaheim and Santa Ana for Funding the Preliminary Engineering Phase of Proposed Fixed-Guideway Systems," dated March 14, 2011.</p> <p>"Project S Bus and Station Van Extension - 2012 Call Programming Recommendations," dated July 23, 2012.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>"Santa Ana/Garden Grove Fixed-Guideway Proposed Financial and Implementation Plans," dated August 11, 2014. "OC Streetcar Project Revised Funding Plan," dated July 9, 2018. "OC Streetcar Cost and Schedule Update," dated December 13, 2021.</p>
126.02	<p>Has the emphasis been on expanding access to the core rail system and on establishing connections to communities and major activity centers that are not immediately adjacent to the Metrolink corridor?</p>	Att. A, p. 23, Project S	Planning	30-year	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Planning activities completed to date have been done with an emphasis on expanding access to the core rail system and establishing connections to communities and major activity centers. The OC Streetcar alignment fits this criterion. A key aspect of that evaluation includes detailed study on passengers making connections at the existing stations. Please reference: "Completion of Milestones for the Santa Ana/Garden Grove Fixed-Guideway Project," dated September 22, 2014.</p>
126.03	<p>Have multiple transit projects been funded with no single project being awarded all the funding under this project?</p>	Att. A, p. 23, Project S	Planning	30-year	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. There have been two fixed-guideway projects and four rubber tire projects awarded funding by the Board. Currently one fixed guideway project concept is advancing through the program (OC Streetcar). The rubber tire services have either been completed, cancelled, or extended through Project V. Please reference the following for documentation of compliance: "M2 Project S Programming Recommendations," dated November 22, 2010. "Project S Bus and Station Van Extension - 2012 Call Programming Recommendations," dated July 23, 2012.</p>
127.00	<p>Have Eligible Jurisdictions, in order to be eligible to receive Net Revenues for Transit Extensions, executed written agreements between the Authority and eligible jurisdictions regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the Transit Extensions to Metrolink?</p>	Att. B, Sec. VI.A.2	Planning & Capital Programs - Rail	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Upon each award of funding from the Board, a cooperative agreement has been executed with each agency to define roles, responsibilities, and terms of funding. On March 14, 2011, and May 20, 2011, respectively, agreements were executed with the cities of Anaheim (C-1-2448) and Santa Ana (C-1-2447) to define roles and responsibilities related to funding the preliminary engineering phase of their respective proposed fixed-guideway projects (Anaheim Rapid Connection [ARC] and OC Streetcar).</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>On August 11, 2014, the Board authorized the CEO to negotiate and execute a cooperative agreement with the Cities of Santa Ana and Garden Grove to define roles and responsibilities for project development through construction of the OC Streetcar (Santa Ana/Garden Grove Fixed-Guideway Project). On August 1, 2015 and May 9, 2016, respectively, agreements were executed with the cities of Santa Ana (C-5-3583) and Garden Grove (C-5-3807) to define roles for the design phase of the OC Streetcar project. On March 17, 2017, an agreement was executed with the City of Santa Ana (C-6-1433) for use of public ROW for the construction, operations and maintenance of the OC Streetcar Project. On April 18, 2017 and May 8, 2017, respectively, agreements were executed with the cities of Santa Ana (C-6-1516) and Garden Grove (C-7-1556) to define roles for the construction phase of the OC Streetcar Project. On June 1, 2017, an amended and restated agreement was executed with the City of Santa Ana (C-94-859) for the Santa Ana Regional Transportation Center and the OC Streetcar.</p> <p>On December 14, 2016, an amendment was executed with the City of Anaheim (C-1-3115) to conclude all planning efforts on the ARC fixed-guideway project, and to determine OCTA would serve as the lead agency for any future phases of the project.</p> <p>For the Rubber Tire Program, Cooperative Agreements were established in 2012 with City of Anaheim (C-2-1668) and City of Lake Forest (C-2-1667). As of 2020, all agreements have either been cancelled or completed.</p> <p>Note: The Anaheim project was extended under the Project V program.</p>
128.00	<p>Has a countywide competitive procedure for Project S been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?</p>	Att. B, Sec. VI.B.3	Planning	One-time	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. Project S Guidelines were developed for both fixed guideway and rubber tire projects in consultation with local jurisdictions.</p> <p>On September 13, 2010, the Board approved Project S funding guidelines for fixed-guideway projects, and on November 22, 2010, the</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>Board evaluated and awarded funds to Anaheim and Santa Ana for preliminary engineering of fixed-guideway projects.</p> <p>The same process was followed for the rubber tire projects under Project S. On December 12, 2011, the Board approved the Project S Guidelines for the Bus and Station Extension Projects Linking to the Metrolink Corridor, and on July 23, 2012, funds were awarded to Anaheim and Lake Forest based on Board-approved criteria.</p> <p>Please reference: "M2 Project S Funding Guidelines for Preliminary Engineering (Guideways Only)," dated September 13, 2010. "M2 Project S Programming Recommendations," dated November 22, 2010. "Project S 2012 Guidelines for Bus and Station Van Extension Projects," dated December 12, 2011. "Project S Bus and Station Van Extension - 2012 Call Programming Recommendations," dated July 23, 2012.</p>
129.00	Project T - Convert Metrolink Stations to Regional Gateways						
130.00	<p>Has the program provided local improvements necessary to connect planned future high speed rail systems to stations on the Orange County Metrolink route?</p>	<p>Att. A, p. 24, Project T</p>	<p>Planning & Capital Programs - Rail</p>	<p>30-year</p>	<p>Completed</p>	<p>Jim Beil & Adriann Cardoso/ Charvalen Alacar</p>	<p>Yes. The Anaheim Regional Transportation Intermodal Center (ARTIC), designed to accommodate future High-Speed rail service and will serve as the southern terminus for the California High Speed Rail in Orange County, opened in December 2014.</p> <p>Upon completion, the Board moved the remainder of Project T funding to Project R and Project U.</p> <p>Please reference: "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
131.00	Have eligible Jurisdictions, in order to be eligible to receive Net Revenues, executed written agreements with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation and maintenance of the facilities?	Att. B, Sec. VI.B.2	Capital Programs – Rail	Recurring	Completed	Jim Beil/George Olivo	<p>Yes. As part of each project’s development process, OCTA enters into cooperative agreements with host cities. These agreements define roles and responsibilities for the representative phase as well as ongoing maintenance of improvements. All train stations have an operations agreement with the respective cities.</p> <p>The operations and maintenance agreement with the City of Anaheim (C-3-2137) was executed on December 31, 2014.</p>
132.00	Has a countywide competitive procedure for Project T been prepared in consultation with eligible jurisdictions and adopted by the Authority which included an evaluation process and methodology applied equally to all candidate projects?	Att. B, Sec. VI.B.3	Planning	One-time	Completed	Adriann Cardoso/ Charvalen Alacar	<p>Yes. A call was issued in consultation with local jurisdictions and funds were awarded based on Board-approved criteria on January 26, 2009. Please reference: “Renewed Measure M Project T Funding Guidelines.”</p> <p>These guidelines were modified on February 14, 2011. Please reference: “M2 Project T Program Guideline Modifications.”</p> <p>On December 14, 2015, an Ordinance Amendment was approved by the Board to closeout Project T. Please reference: “Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program.”</p>
133.00	Project U - Expand Mobility Choices for Seniors and Persons with Disabilities						
134.00	Has one percent of Net Revenues been allocated to the County to augment existing senior non-emergency medical transportation services funded with Tobacco Settlement funds?	Att. B, Sec. VI.C.3.a	F&A	Recurring	Done to date	Sean Murdock & Joanne Jacobsen	<p>Yes. See General Accounting payments for SNEMT funds for FY 2021-22. Also see the Agreed-Upon Procedures to the M2 Status Report for FY 2022 related to Senior Non-Emergency Medical Transportation. Please reference: “FY 2021-22 M2 Project U SNEMT Payments” “FY 2021-22 Report on Agreed-Upon Procedures Applied to M2 Status Reports,” dated February 13, 2023.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
135.00	Has the County continued to fund these services in an amount equal to the same percentage of the total annual Tobacco Settlement funds received by the County?	Att. B, Sec. VI.C.3.a	F&A	Recurring	Done to Date	Sean Murdock & Joanne Jacobsen	Yes. The County is required to allocate at least 5.27% of Tobacco Settlement Revenue (TSR) funds to meet their MOE obligation under M2. The County allocation for FY 2021-22 was 5.27%. See supporting documentation from the County showing Measure H Tobacco Settlement Revenues allocated to SNEMT. Please reference: "FY 2021-22 SNEMT MOE Verification," correspondence dated January 25, 2023.
136.00	Have Net Revenues been annually allocated to the County in an amount no less than the Tobacco Settlement funds annually expended by the County for these services and no greater than one percent of Net Revenues plus any accrued interest?	Att. B, Sec. VI.C.3a	F&A	Recurring	Done to date	Sean Murdock & Joanne Jacobsen	Yes. The M2 SNEMT funding allocation to the County for FY 2021-22 of \$3,503,894 exceeded TSR funding of \$1,808,3999. Therefore, the M2 funding is no less than the TSR funding, and no more than 1% of net revenue as required under the Ordinance. Please reference: "FY 2021-22 M2 Project U SNEMT Payments" "FY 2021-22 SNEMT MOE Verification," correspondence dated January 25, 2023.
137.00	Has one percent of Net Revenues been allocated to continue and expand the Senior Mobility Program provided by the Authority in 2006 with allocations determined pursuant to criteria and requirements as adopted by the Authority?	Att. B, Sec. VI.C.3.b	F&A, Transit	Recurring	Done to date	Sean Murdock & Joanne Jacobsen	Yes. See General Accounting payments for SMP funds for FY 2021-22. Also see the Agreed-Upon Procedures applied to the FY 2022 M2 Status Report. Please reference: "FY 2021-22 Project U SMP Payments" "FY 2021-22 Report on Agreed-Upon Procedures Applied to M2 Status Reports," dated February 13, 2023.
138.00	Has one and forty-seven hundreds percent (Ordinance amendment on 12/14/15 to increase allocation from 1% to 1.47%) of Net Revenues been allocated to partially fund bus and ACCESS fares for seniors and persons with disabilities in an amount equal to the percentage of funding as of the effective date of the Ordinance and to partially fund train and other transit fares for seniors and persons with disabilities as determined by the Authority?	Att. B, Sec. VI.C.3.c	F&A, Transit	Recurring	Done to date	Sean Murdock & Joanne Jacobsen	Yes. See General Accounting Fare Stabilization Revenue Allocation chart. In addition to the 1%, the Board approved an amendment to the M2 Ordinance No. 3 on December 14, 2015 (updated on March 14, 2016), which increased the Fare Stabilization allocation from 1% to 1.47% of Net Revenues. Please reference: "M2 Fare Stabilization Update," dated June 23, 2014. "M2 Fare Stabilization Update," dated September 28, 2015. "Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan Amendment Update," dated March 14, 2016.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							FY 2021-22 M2 Fare Stabilization Payments
139.00	In the event any Net Revenues to be allocated for seniors and persons with disabilities pursuant to the requirements of subsections a., b., and c. remain after the requirements are satisfied, have the remaining Net Revenues been allocated for other transit programs or projects for seniors and persons with disabilities as determined by the Authority?	Att. B, Sec. VI.C.3.d	F&A, Transit	Recurring	Not yet required	Sean Murdock	The requirements of each of the programs have not been satisfied, however, excess revenues for the programs will remain within each individual program to be used to pay for future program expenditures should the need arise.
140.00	Project V - Community Based Transit/Circulators						
141.00	Have all such projects [within Project V], in order to be considered for funding, met performance criteria for ridership, connection to bus and rail services, and financial viability?	Att. A, p. 25, Project V	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Per the Project V Guidelines adopted by the Board on October 14, 2019, performance criteria for ridership, connections to bus and rail services and financial viability were specifically required to be defined as part of the application process prior to competing and receiving funding. Due to the impacts of the COVID-19 pandemic and the need to re-focus the program on a cost per boarding metric, minimum performance criteria were revised by the Board on January 25, 2021. Please reference: "2020 Project V Community-Based Transit Circulators Program Guidelines and Call," dated October 14, 2019. "M2 Community-Based Transit Circulators Program Project V Ridership Report and Proposed Program Revisions," dated January 25, 2021.
142.00	Have all such projects been competitively bid?	Att. A, p. 25, Project V	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Per Project V Guidelines adopted by the Board, projects are required to follow competitive procedures including procurement. Local Agencies followed the procedures where applicable to the nature of their projects and procurement policies. Please reference: "2020 Project V Community-Based Transit Circulators Program Guidelines and Call," dated October 14, 2019.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
143.00	As a condition of being funded, have such projects been determined not to duplicate or compete with existing transit services?	Att. A, p. 25, Project V	Planning, Transit	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA staff evaluated all project applications before preparing final recommendations for the Board to ensure that proposed services would continue funding existing successful services, new special event services, expand new share-ride hailing options, and allow for future planning. The Board approved project allocations on April 13, 2020. OCTA staff will continue to monitor the projects to ensure that services funded with Project V do not duplicate existing transit services. Please reference: "2020 M2 Community-Based Transit Circulators (Project V) Call Programming Recommendations," dated April 13, 2020.
144.00	For any of its projects to be eligible for funding, has the Eligible Jurisdiction executed a written agreement with the Authority regarding the respective roles and responsibilities pertaining to construction, ownership, operation, and maintenance of the project?	Att. B, Sec. VI.D.2	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. OCTA executed Cooperative Funding Agreements with each local agency and identified roles and responsibilities pertaining to operation, construction, maintenance, and uses of the facilities and vehicles. All M2 funding agreements and Letter agreements are available in the M2 Document Center. A list of the corresponding contract numbers can be found in the Document Center. Please reference: "Project V Cooperative Agreements," dated December 6, 2022.
145.00	Have any allocations of Net Revenues to such projects been determined pursuant to a countywide competitive procedure adopted by the Authority?	Att. B, Sec. VI.D.3	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. The Board approved updated Project V Guidelines on October 14, 2019, and also issued a call on that date. Please reference: "2020 Project V Community-Based Transit Circulators Program Guidelines and Call," dated October 14, 2019.
146.00	Does the competitive procedure include an evaluation process and methodology applied equally to all candidate Community Based Transit/Circulator projects?	Att. B, Sec. VI.D.3	Planning	Recurring	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. See 2020 Project V Guidelines adopted by the Board on October 14, 2019. Please reference: "2020 Project V Community-Based Transit Circulators Program Guidelines and Call," dated October 14, 2019.
147.00	Have Eligible Jurisdictions been consulted by the Authority in the development of the evaluation process and methodology?	Att. B, Sec. VI.D.3	Planning	One-time	Done to date	Adriann Cardoso/ Charvalen Alacar	Yes. Typically, OCTA has requested letters of interest prior to Project V calls and holds workshops with interested parties to discuss potential changes to the guidelines prior to taking those guidelines to the Board. In the most recent cycle, two workshops were conducted in the Fall of

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>2019 (September 16, 2019, and November 5, 2019). The first workshop was to further gauge county-wide level of interest in applying for a 2020 call, in addition to letters of interest received, and to gather feedback on potential CTFP Guidelines revisions. The second workshop was focused on providing guidance to local agencies to help them understand CTFP Guidelines revisions and provide feedback regarding application development, evaluation process and methodology.</p> <p>Please reference: "2020 Project V Community-Based Transit Circulators Program Guidelines and Call," dated October 14, 2019.</p>
148.00	Project W - Safe Transit Stops						
149.00	<p>Have amenities been provided at the 100 busiest transit stops across the County? Were they designed to ease transfer between bus lines and provide amenities such as improved shelters, lighting, current information on bus and train timetables and arrival times, and transit ticket vending machines?</p>	Att. A, p. 25, Project W	Planning	30-year	Done to date	Adriann Cardoso/ Charvalen Alacar	<p>Yes. The Board approved Project W CTFP Guidelines revisions and also approved the issuance of 2019 Project W call, in order to allocate funds for the Top 100 Busiest Stops in Orange County.</p> <p>Please reference: "2019 Project W Safe Stops Call," dated October 22, 2018.</p> <p>On June 24, 2019, the Board approved Project W funds for 36 stops.</p> <p>Please reference: "M2 Project W Safe Transit Stops – 2019 Programming Recommendations," dated June 24, 2019.</p> <p>Project W funding is eligible for projects that install new transit shelters at locations where there are no shelters present, and replace aging shelters, shade, and amenities that have become run down over time. The Board directed staff to issue another Project W call in 2020 to again consider the needs at the 100 busiest bus stops in order to ensure that all eligible entities have another opportunity to apply for funding and improve bus stops. On September 14, 2020, the Board approved a third allocation of Project W funds for 35 stops.</p> <p>Please reference: "M2 Project W Safe Transit Stops – 2020 Programming Recommendations," dated September 14, 2020.</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							Please also reference: "M2 Project W Safe Transit Stops," dated March 10, 2014. "M2 Project W Safe Transit Stops – 2014 Programming Recommendations," dated July 14, 2014. "CTFP SAR – March 2015," dated June 8, 2015.
150.00	Requirements Related to Project X						
151.00	Have Environmental Cleanup funds been used on a countywide, competitive basis to meet federal Clean Water Act standards for controlling transportation-generated pollution as called for in Attachment A?	Att. A, p. 27, Project X	Planning	30-year	Done to date	Dan Phu	Yes. The Board has authorized several countywide competitive calls for both a Tier 1 and Tier 2 environmental cleanup program providing funding to improve water quality. To date, 12 rounds of funding under the Tier 1 grants program have been awarded by the Board. A total of 212 projects in the amount of over \$33 million have been awarded since 2011. There have been two rounds of funding under the Tier 2 grants program. A total of 22 projects in the amount of \$27.89 million have been awarded by the Board since 2013. To date, all Orange County cities plus the County of Orange have received funding under this program. The next Tier 1 call is anticipated in early 2023. As OCTA continues coordination efforts with the County to assist local jurisdictions in further developing Tier 2-type projects, it is anticipated that there may be sufficient funds to issue two calls during the next decade. Staff anticipates the next Tier 2 call in FY 2023-24, dependent on projected cash flow and local jurisdictions' interest in potential viable Tier 2 projects. For the most recent Tier 1 and Tier 2 guidelines, please reference: "M2 Environmental Cleanup Program – Tier 1 Call," dated March 14, 2022. "M2 Environmental Cleanup Allocation Program – Funding Program Guidelines Revisions and Tier 2 Grant Program Call," dated June 10, 2013.
152.00	Does the program augment, not replace existing transportation related water quality expenditures and emphasize high impact capital improvements over local operations and maintenance costs?	Att. A, p. 27, Project X	Planning	30-year	Done to date	Dan Phu	Yes. This requirement is specified in Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: "M2 Environmental Cleanup Program – Tier 1 Call," dated March 14, 2022, see attached Guidelines Chapter 11.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
153.00	Has a comprehensive countywide capital improvement program for transportation related water quality improvements been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	Yes. The Board approved a two-tiered funding program for water quality improvement projects. These guidelines are incorporated into Chapter 11 of the CTFP guidelines. To date, 12 rounds of funding under the Tier 1 program and two rounds under the Tier 2 have been allocated for these purposes. Please reference: See notes in Item 151.00 for Tier 1 and Tier 2 Guideline Revisions and Call. M2 Environmental Cleanup Program – A Two-Tier Grant Funding Approach, dated May 24, 2010. “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
154.00	Has a competitive grant process to award funds to the highest priority, most cost-effective projects been developed?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the Board and integrated as Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
155.00	Has a matching requirement to leverage federal, state, and local funds for water quality improvement been established?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	Yes. The Tier 1 and Tier 2 project evaluation criteria were adopted by the Board. These matching requirements are specified in Chapter 11 of the CTFP guidelines. As a note, Chapter 11 of the CTFP guidelines gets periodic updates to improve on the process. Please reference: “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
156.00	Has an MOE requirement been established to ensure that funds augment, not replace existing water quality programs?	Att. A, p. 27, Project X	Planning	One-time, start-up	Done	Dan Phu	Yes. These are specified in Chapter 11 of the CTFP guidelines. Also, this becomes part of the evaluation process for candidate projects. Please reference: “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
157.00	Has there been annual reporting on actual expenditures and assessment of water quality benefits provided?	Att. A, p. 27, Project X	Planning, External Affairs	Recurring	Done to date	Dan Phu & Marissa Espino	Yes. Reports occur through the SAR Process. In addition, the ECAC has developed a database to estimate the trash removed by the funded Tier

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							1 and Tier 2 projects to report on benefits of the program. The update is provided annually to the ECAC and Board. Please reference: "M2 Environmental Cleanup Program -Tier 1 Call," dated March 14, 2022. "CTFP SAR - March 2022," dated July 11, 2022.
158.00	If there has been any misuse of these funds, have penalties been imposed?	Att. A, p. 27, Project X	Planning	Recurring	N/A	Dan Phu	Not applicable because there has been no finding of misuse of funds to date. Assessment of appropriate use occurs through the initial and final payment processes and SAR process.
159.00	Has an Environmental Cleanup Allocation Committee (ECAC), including the following 12 voting members, but not including any elected public officer, been established: <ul style="list-style-type: none"> - One representative of the County of Orange? - Five representatives of cities (one per supervisorial district)? - One representative of the Caltrans? - Two representatives of water or wastewater public entities? - One representative of the development industry? - One representative of private or non-profit organizations involved in water quality protection/enforcement matters? 	Att. B, Sec. VII.B.1.i-vii	Planning, External Affairs	Recurring	Done to date	Dan Phu & Marissa Espino	Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008, as Attachment B to the Staff Report. ECAC members are recruited following the requirements upon any vacancies. Member rosters for each year are saved in the M2 Document Center. Please reference: "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008. "ECAC Roster 2022"
160.00	Does the ECAC also include one representative of the Santa Ana Regional Water Quality Control Board and one representative of the San Diego Regional Water Quality Control Board as non-voting members?	Att. B, Sec. VII.B.1.i-vii	Planning, External Affairs	Recurring	Done	Dan Phu	Yes. Creation of ECAC occurred in 2008. The initial roster was presented to the Board on August 25, 2008, as Attachment B to the Staff Report. Member rosters for each year are saved in the M2 Document Center. Please reference: "Status Report on Renewed Measure M Environmental Programs," dated August 25, 2008. "ECAC Roster 2022"
161.00	Has the Environmental Cleanup Allocation Committee recommended to the Authority for the Authority's adoption the following:	Att. B, Sec. VII.B.2.	Planning	One-time, start-up	Done	Dan Phu	See notes in Items 161.01 to 161.04.
161.01	A competitive grant process for the allocation of Environmental Cleanup Revenues as set forth in Attachment B.	Att. B, Sec. VII.B.2.a	Planning	One-time, start-up	Done	Dan Phu	Yes. The Environmental Cleanup Allocation Committee (ECAC) created guidelines that were approved by the Board on February 14, 2011. This is also included in Chapter 11 of the CTFP.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							Please reference: “M2 Environmental Cleanup Allocation Program – Incorporation into the CTFP and Tier 1 Grant Program 2011 Call,” dated February 14, 2011. “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
161.02	A process requiring that allocated Environmental Cleanup Revenues supplement and not supplant other applicable funding sources.	Att. B, Sec. VII.B.2.b	Planning	One-time, start-up	Done	Dan Phu	Yes. The ECAC ensures that as part of the application process that projects meet the criteria specified in the Ordinance. This is part of the guidelines which are included in Chapter 11 of the CTFP. Please reference: “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022, see attached Guidelines Chapter 11.
161.03	Allocation of Environmental Cleanup Revenues for proposed projects and programs.	Att. B, Sec. VII.B.2.c	Planning	Recurring	Done to date	Dan Phu	Yes. The ECAC reviews applications and makes recommendations on funding allocation, which is then approved by the Board. Please reference: “CTFP – Project X Tier 1 2022 Call Programming Recommendations,” dated November 14, 2022.
161.04	An annual reporting procedure and method to assess water quality benefits provided by the projects and programs.	Att. B, Sec. VII.B.2.d	Planning, External Affairs	Recurring	Done to date	Dan Phu	Yes. The ECAC has developed a database to estimate the trash removed by the funded Tier 1 and Tier 2 projects to report on benefits of the program. This is an ongoing process and the latest trash removal estimates are reported to the ECAC and Board annually in each Tier 1 call staff report, most recently on March 14, 2022. Please reference: “ECAC Agenda,” dated December 11, 2014. “OCTA M2 Tier 1 and Tier 2 – Potential Water Resources Benefits of Funded Projects Memo from Geosyntec Consultants,” dated April 22, 2015. “M2 Environmental Cleanup Program Updates and Next Steps,” dated December 11, 2017. “M2 Environmental Cleanup Program – Tier 1 Call,” dated March 14, 2022.
162.00	Safeguards and Audits						
163.00	The requirements listed in Attachment A page 28-29 are covered in other areas of the matrix as they relate to quarterly and annual reporting.	Att. A, p.28-29					

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
164.00	Requirements Related to the Taxpayers Oversight Committee (TOC)						
165.00	Was a Taxpayers Oversight Committee established for the purpose of overseeing compliance with the Ordinance as specified in Attachment B, Section IV and organized and convened before any Revenues were collected or spent pursuant to the Ordinance?	Att. C, Sec. I	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The TOC updated the former procedures from the M1 COC to accommodate additional responsibilities under M2 in August 2008. Please reference: "TOC Agenda Packet," dated August 12, 2008.
166.00	Has the TOC been governed by its 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies) consistent with Attachment C of the Ordinance been followed?	Att. C, Secs. II, and III	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The TOC is governed by 11 members and the provisions relating to membership (including initial and ongoing appointment, geographic balance, terms, resignation, removal, reappointment, and vacancies), are consistent with Attachment C of the Ordinance. Please reference: "TOC Member Terms Roster History (1997-2022)," dated December 6, 2022.
167.00	Has the Committee carried out the following duties and responsibilities:	Att. C, Sec. IV	External Affairs	Recurring		Alice Rogan	See notes in Items 167.01 to 167.11.
167.01	Did the initial Members of the TOC adopt procedural rules and regulations as are necessary to govern the conduct of Committee meetings as described in Attachment C?	Att. C, Sec. IV.A	External Affairs	One-time, start-up	Done	Alice Rogan	Yes. The TOC updated the former procedures from the M1 COC to accommodate additional responsibilities under M2 in August 2008. Please reference: "TOC Agenda Packet," dated August 12, 2008. "TOC Agenda Packet," dated October 14, 2008, for the August 12, 2008, meeting minutes. On June 14, 2016, the TOC updated the committee's Mission Statement and Policies and Procedures to remove responsibilities due to the close-out of M1. Please reference: "TOC Agenda Packet," dated June 14, 2016. "TOC Agenda Packet," dated August 9, 2016, for the June 14, 2016, meeting minutes.
167.02	Did the Committee approve by a vote of not less than 2/3 of all Committee members, any amendments to the Plan which	Att. C, Sec. IV.B	External Affairs	Recurring	Done to date	Alice Rogan	Yes. The TOC approved the first amendment to the M2 Transportation Investment Plan on October 9, 2012, and the third amendment on

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
	changed the funding category, programs or projects identified on page 31 of the Plan?						November 10, 2015 (Ordinance amendments do not require TOC approval). Please reference: "Public Hearing to Amend the M2 Transportation Investment Plan for the Freeway Program," dated November 9, 2012 for Amendment #1. "Public Hearing to Amend the Renewed Measure M Local Transportation Authority Ordinance No. 3 and Transportation Investment Plan for the Transit Program," dated December 14, 2015 for Amendment #3.
167.03	Did the TOC receive and review, as a condition of eligibility for M2 funds, from each jurisdiction the following documents as defined in Att. B, Sec. I?	Att. C, Sec. IV.C and Att. B, Sec. III	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Adriann Cardoso/Charvalen Alacar	The Annual Eligibility Review Subcommittee reviewed applicable eligibility requirements on September 27, 2022, and the full TOC approved them on October 11, 2022. Also see notes in Items 167.04 to 167.08 below. Please reference: "TOC Agenda Packet," dated October 11, 2022.
167.04	Congestion Management Program?	Att. C, Sec. IV.C.1 and Att. B, Sec. III.A.1	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Adriann Cardoso/Charvalen Alacar	This is required on odd numbered years. The TOC reviewed the Congestion Management Program on October 12, 2021. Eligibility determination was presented to the Board on December 13, 2021, as part of the M2 Annual Eligibility Review. The next submittal is due in 2023. Please reference: "TOC Agenda Packet," dated October 12, 2021. "M2 Annual Eligibility Review," dated December 13, 2021.
167.05	Mitigation Fee Program?	Att. C, Sec. IV.C.2 and Att. B, Sec. III.A.2	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Adriann Cardoso/Charvalen Alacar	This is required on a biennial basis. The TOC reviewed the Mitigation Fee Program on October 12, 2021. Eligibility determination was presented to the Board on December 13, 2021, as part of the M2 Annual Eligibility Review. The next submittal is due in 2023. Please reference: "TOC Agenda Packet," dated October 12, 2021. "M2 Annual Eligibility Review," dated December 13, 2021.

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
167.06	Expenditure Report?	Att. C, Sec. IV.C.3 and Att. B, Sec. III.8	Finance and Administration, External Affairs	Recurring	Done to date	Alice Rogan & Sean Murdock	<p>Yes. The TOC reviewed the FY 2020-21 Expenditure Reports on April 12, 2022, for all 35 local agencies. Eligibility determination was presented to the Board on June 13, 2022. At the October 11, 2022, TOC meeting, all local agencies were found conditionally eligible to receive net M2 revenues for FY 2022-23. Eligibility determination was presented to the Board on November 14, 2022.</p> <p>Please reference: "TOC Agenda Packet," dated April 12, 2022. "M2 Eligibility Review Recommendations for FY 2020-21 Expenditure Reports," dated June 13, 2022. "TOC Agenda Packet," dated October 11, 2022. "M2 Annual Eligibility Review," dated November 14, 2022.</p>
167.07	Local Traffic Synchronization Plan?	Att. C, Sec. IV.C.4 and Att. B, Sec. III.A.6	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Adriann Cardoso/Charvalen Alacar	<p>Yes. This is required every three years. The last Local Signal Synchronization Plan review was received and reviewed by the TOC on October 13, 2020, and was presented to the Board on December 14, 2020, as part of the Annual M2 Eligibility Review. The next submittal is due in 2023.</p> <p>Please reference: "TOC Agenda Packet," dated October 13, 2020. "M2 Annual Eligibility Review," dated December 14, 2020.</p>
167.08	Pavement Management Plan?	Att. C, Sec. IV.C.5 and Att. B, Sec. III.7	Planning, External Affairs	Recurring	Done to date	Alice Rogan & Adriann Cardoso/Charvalen Alacar	<p>Yes. 14 agencies update PMPs on odd-year cycle, while 21 agencies update on even-year cycle as part of the Annual Eligibility Review. The TOC reviewed the Pavement Management Plans for even-year agencies on October 11, 2022, and an Eligibility determination was presented to the Board on November 14, 2022, as part of the M2 Annual Eligibility Review. The TOC reviewed the Pavement Management Plans for odd-year agencies on October 12, 2021, and an eligibility determination was presented to the Board on December 13, 2021, as part of the M2 Annual Eligibility Review.</p> <p>Please reference:</p>

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
Ordinance No. 3 Tracking Matrix
For Period Ending December 31, 2022

Item	Description	Citation	Division Responsible	Timeframe	Status	Responsible Person (POC)	2022 Response
							<p>“TOC Agenda Packet,” dated October 11, 2022 (for even-year PMPs). “M2 Annual Eligibility Review,” dated November 14, 2022 (for even-year PMPs). “TOC Agenda Packet,” dated October 12, 2021 (for odd-year PMPs). “M2 Annual Eligibility Review,” dated December 13, 2021 (for odd-year PMPs).</p>
167.09	<p>Has the Committee reviewed yearly audits and held an annual hearing to determine whether the Authority is proceeding in accordance with the Plan?</p>	Att. C, Sec. IV.D	External Affairs	Recurring	Done to date	Alice Rogan	<p>Yes. The last Annual Hearing and Compliance Review was completed on June 14, 2022. Please reference: “TOC Agenda Packet,” dated June 14, 2022. “TOC M2 Annual Public Hearing Results and Compliance Findings,” dated June 14, 2022.</p>
167.10	<p>Has the Chair annually certified whether the Revenues have been spent in compliance with the Plan?</p>	Att. C, Sec. IV.D	External Affairs	Recurring	Done to date	Alice Rogan	<p>Yes. The last Annual Hearing and Compliance Review was completed on June 14, 2022. A memo from the TOC Chairman was presented to the Board on June 27, 2022. Please reference: “TOC Agenda Packet,” dated June 14, 2022. “TOC Measure M Annual Public Hearing Results and Compliance Findings,” dated June 27, 2022.</p>
167.11	<p>Has the Committee received and reviewed the performance assessment conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance?</p>	Att. C, Sec. IV.E	External Affairs	Recurring	Done to date	Alice Rogan	<p>Yes. The TOC has received and reviewed the performance assessments conducted by the Authority at least once every three years to review the performance of the Authority in carrying out the purposes of the Ordinance. Please reference: “TOC Agenda Packet,” dated December 14, 2010. “TOC Agenda Packet,” dated April 9, 2013. “TOC Agenda Packet,” dated June 14, 2016. “TOC Agenda Packet,” dated April 9, 2019. “TOC Agenda Packet,” dated April 12, 2022.</p>