



NEWPORT BEACH

City Council Staff Report

June 9, 2026
Agenda Item No. 6

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2026-34: Annual Measure M2 Eligibility Submittal

ABSTRACT:

The City of Newport Beach (City) must submit certain required documents annually to maintain eligibility to receive Measure M2 Fair Share and Competitive Grant funding from the Orange County Transportation Authority (OCTA). The submittal documentation this year requires approval of an updated Measure M2 Seven-Year Capital Improvement Program (CIP) and a City Council resolution regarding a Local Signal Synchronization Plan (LSSP) consistent with the Regional Traffic Signal Synchronization Master Plan (RTSSMP).

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Adopt the Measure M2 Seven-Year Capital Improvement Program;
- c) Adopt Resolution No. 2026-34, *A Resolution of the City Council of the City of Newport Beach, California, Concerning the Update of the Local Signal Synchronization Plan for the Measure M2 Program*; and
- d) Direct staff to submit all necessary materials to the Orange County Transportation Authority to satisfy the FY 2026-27 Measure M2 annual eligibility requirements.

DISCUSSION:

On November 7, 2006, Orange County voters approved Ordinance No. Three, the Renewed Measure M (M2) multi-billion-dollar program extension of the original Measure M. M2 authorized the imposition of a one-half cent retail transaction and use tax for a period of 30 years, starting in 2011.

Current M2 legislation provides local agencies with 18% of the sales tax revenue collected under a program called Fair Share. The distribution to each local agency is based on a formula using population, miles of existing arterial highways located within each jurisdiction, and taxable sales. A forecast of local Fair Share funds was released by OCTA in March 2026 and the City's apportionment is approximately \$2.7 million in FY 2026-27 for local street projects under the Fair Share Program.

To maintain eligibility for Measure M2 funds, the City must satisfy the following requirements by June 30, 2026:

1. Adopt a Measure M2 seven-year CIP that includes all projects to be funded partially or fully by Measure M2 dollars (Attachment A);
2. Adopt a resolution concerning the update of the LSSP; and
3. Submit all other required documentation required by OCTA FY 2026-27 Measure M2 Eligibility Guidelines.

The budgets shown on the Measure M2 seven-year CIP for Fiscal Years 2026-27 to 2032-33 are estimated based on anticipated spending and historic needs. The budget for FY 2026-27 is included in the proposed CIP budget for City Council adoption on June 9, 2026. Actual budgets for future years have not yet been established.

The LSSP is a three-year plan identifying the City's traffic signal synchronization, street routes and traffic signals to be improved. An updated LSSP is required to be submitted to OCTA every three years (Attachment C). A standard item included in the City's annual eligibility documentation is a Maintenance of Effort (MOE) Certification. This required certification is meant to ensure that the local jurisdiction maintains a minimum level of local street and road expenditures and that the M2 funds are used to supplement, rather than replace, local funds. The City has complied with this and all other eligibility requirements since the inception of the Measure M2 program.

The FY 2026-27 MOE benchmark for the City is established at \$17,103,720. The MOE benchmark was most recently adjusted in 2026 and is adjusted every three years. Historically, the City exceeds the benchmark by a considerable amount. Last year's MOE expenditure totaled \$23.2 million.

Upon the City Council's approval of the recommended actions, a complete submittal of the City's eligibility packet will be transmitted to OCTA by June 30, 2026, the submission deadline.

FISCAL IMPACT:

Submittal of the eligibility documentation ensures that the City will continue to receive its Fair Share portion of the Measure M2 funds, as well as allow the City to receive additional funds through the Measure M2 Competitive Grant funding programs. This amounts to several million dollars in roadway-related funding each year and is a key part of the City's

roadway maintenance program. Annually, OCTA prepares a seven-year funding estimate (see table below).

Estimated Newport Beach Measure M2 Local Fair Share Program Funding

FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31	FY2031-32	FY2032-33	7 Year Estimate
\$2,721,275	\$2,707,746	\$2,725,224	\$2,735,078	\$2,834,299	\$2,942,400	\$3,056,264	\$19,722,286

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Measure M2 Seven-Year Capital Improvement Program

Attachment B – Resolution No. 2026-34

Attachment C – LSSP