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# **NEWPORT BEACH**

## **City Council Staff Report**

June 11, 2019  
Agenda Item No. 5

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** David A. Webb, Public Works Director - 949-644-3311,  
dawebb@newportbeachca.gov

**PREPARED BY:** Shelby Morgan, Management Assistant  
[smorgan@newportbeachca.gov](mailto:smorgan@newportbeachca.gov)

**PHONE:** 949-644-3013

**TITLE:** Resolution No. 2019-49: Annual Measure M2 – Program Eligibility Submittal

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**ABSTRACT:**

In order to maintain eligibility to receive Measure M2 Fair Share and Competitive funding from the Orange County Transportation Authority (OCTA), annual submittals of eligibility documentation is required. The submittal documentation this year requires approval of an updated Measure M2 Seven-Year Capital Improvement Program (CIP) and adoption of a resolution which adopts a Pavement Management Program, affirms that the City's Circulation Element is in conformance with the Regional Master Plan of Arterial Highways (MPAH), and reaffirms the City's Mitigation Fee Program.

**RECOMMENDATION:**

- 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 CIP;
- c) Adopt Resolution No. 2019-49, *A Resolution of the City Council of the City of Newport Beach, California, Concerning the Status and Update of the Circulation Element, Mitigation Fee Program, and Pavement Management Plan for the Measure M2 Program*; and
- d) Direct staff to submit all necessary material to OCTA to satisfy the Measure M annual eligibility requirements.

**FUNDING REQUIREMENTS:**

Submittal of the eligibility documentation ensures that the City will continue to receive its Fair Share portion of the one-half cent Countywide transportation sales tax, commonly known as Measure M2, as well as allow the City to participate in receiving 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 our roadway maintenance program.

**DISCUSSION:**

On November 7, 2006, Orange County voters approved Ordinance No. 3, 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.

The City of Newport Beach will receive approximately \$1.98 million in Fiscal Year 2019-2020 for local street projects under the Fair Share Program. To maintain eligibility so as to receive Measure M2 funds, the City must satisfy the following requirements by June 28, 2019:

1. Adopt a Measure M2 Seven-Year CIP that includes all projects to be funded partially or fully by Measure M dollars (Attachment A).
2. Adopt a Resolution affirming that the City’s Circulation Element is in conformance with the Regional Master Plan of Arterial Highways (MPAH), reaffirming that Council concurs with the existing Mitigation Fee Program, and adopting an updated Pavement Management Plan (Attachment B).
3. Submit all required documents as mentioned in the OCTA Fiscal Year 2019-2020 Measure M2 Eligibility Guidelines (Attachment C and D).

The budgets shown on the Measure M2 Seven-Year CIP for fiscal years 2019/20-2025/26 are estimated based on anticipated spending and historic needs. Actual budgets for these years have not been established at this time. The Pavement Management Plan outlines the processes in place for the planning, preventative maintenance and repair of the City’s roadways. An updated Pavement Management Plan report is required to be submitted to OCTA on a biennial basis. Upon City Council’s approval of the recommended actions, a complete submittal of the City’s eligibility packet will be transmitted to OCTA by June 28, 2019 to ensure continued eligibility under the M2 program.

**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. 2019-49

Attachment C – Pavement Management Plan

Attachment D – Mitigation Fee Program – Fair Share Fee Schedule