

May 8, 2017

Mr. E. (Max) Maximous
Public Works Director
City of Rancho Santa Margarita
22112 El Paseo
Rancho Santa Margarita, CA 92688

RE: Maintenance of Effort Concerns Expressed by the Annual Eligibility Review Subcommittee

Dear Mr. Maximous:

As you know, local agencies are required to submit eligibility verification packages to the Orange County Transportation Authority annually to remain eligible to receive Measure M2 (M2) net revenues. The Taxpayer Oversight Committee (TOC) is responsible for reviewing eligibility requirements and designating a subcommittee to review this information, which includes the M2 Expenditure Report.

Upon review of the City of Rancho Santa Margarita's (City) fiscal year 2015-16 expenditure report submittal, members of the TOC expressed concerns about the City's actual MOE expenditures. The City is the only local agency in Orange County that is reporting MOE expenditures exactly equal to the City's MOE benchmark.

In the event that any MOE expenditures are deemed ineligible through a future audit, the City may jeopardize their eligibility status and risk being ineligible to receive M2 funds, since the expenditures would be below the required benchmark. While the City is satisfying the MOE requirement, the TOC believes that it is important to communicate their concerns to the City in order to avoid future risk of ineligibility.

If you have any questions, please contact me at kmortazavi@octa.net or at (714) 560-5741.

Sincerely,

Kia Mortazavi
Executive Director, Planning

KM:mh

c: Kurt Brotcke, OCTA
Sam Kaur, OCTA