

June 11, 2018

Mr. Brendan Dugan, PE  
Acting City Engineer  
City of Rancho Santa Margarita  
22112 El Paseo  
Rancho Santa Margarita, CA 92688

**RE: Measure M2 Maintenance of Effort Concerns Expressed by the  
Orange County Transportation Authority's Annual Eligibility Review  
Subcommittee and Taxpayer Oversight Committee**

Dear Mr. Dugan:

As you know, local jurisdictions are required to submit Measure M (M2) eligibility verification packages to the Orange County Transportation Authority (OCTA) annually to remain eligible to receive M2 net revenues. The OCTA Taxpayer Oversight Committee (TOC) is responsible for reviewing M2 eligibility requirements and for 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 2016-17 M2 Expenditure Report submittal, members of the TOC re-stated concerns about the City's actual maintenance of effort (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 potentially 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 currently 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](mailto:kmortazavi@octa.net) or at (714) 560-5741.

Sincerely,

Kia Mortazavi  
Executive Director, Planning

KM:mh

c: Kurt Brotcke, OCTA  
Joe Alcock, OCTA