

July 8, 2019

Mr. Brendan Dugan, PE  
Public Works Director/City Engineer  
City of Rancho Santa Margarita  
22112 El Paseo  
Rancho Santa Margarita, CA 92688

RE: **Measure M2 Maintenance of Effort Follow-Up from 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 net M2 revenues. The OCTA Taxpayer Oversight Committee (TOC) is responsible for reviewing M2 eligibility requirements with reliance upon an Annual Eligibility Review (AER) Subcommittee to review this information, which includes M2 Expenditure Reports.

Last year, the AER Subcommittee and TOC sent a letter to the City of Rancho Santa Margarita (City) expressing concerns with respect to the City's identified maintenance of effort (MOE) expenditures. The AER Subcommittee and TOC observed that the City was the only local agency in Orange County that reported MOE expenditures exactly equal to its MOE benchmark. However, based upon its recent review of the City's fiscal year 2017-18 M2 Expenditure Report submittal, members of the AER Subcommittee were pleased to see that the City had heeded its previous direction and is now reporting in excess of its MOE benchmark.

As has been demonstrated by recent OCTA Board of Directors' actions, if any MOE expenditures are deemed ineligible through an audit and there is not sufficient capacity within a city's MOE expenditure report, local agencies may jeopardize their M2 eligibility status.

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:ki

c: Kurt Brotcke, OCTA  
Joe Alcock, OCTA