



## CITY OF RANCHO SANTA MARGARITA

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June 18, 2020

Betty Yee, State Controller  
300 Capitol Mall, Suite 1850  
Sacramento, CA 95814

Dear Ms. Yee:

I am writing today to respectfully request that the State Controller's Office (SCO) relax the existing Road Maintenance and Rehabilitation Account (RMRA) maintenance of effort (MOE) requirements. The COVID-19 health crisis is forcing Rancho Santa Margarita to meet the needs of our residents with significantly reduced financial resources.

As you know, the RMRA MOE requirements state that a city or county must maintain general fund spending for street, road, and highway purposes at no less than an average of 2009–10, 2010–11, and 2011–12 years. Failure to meet these requirements jeopardizes cities' RMRA annual funding, resulting in additional potential losses.


The City of Rancho Santa Margarita's revenue comes from property tax and sales tax. Due to the necessary closure of non-essential businesses and shelter in place orders to slow the spread of the virus, sales tax revenue throughout the State has hit record lows, resulting in massive and unforeseen reduced revenue to cities. Moreover, this reduced revenue comes at a time when cities are the first line of defense and response to their residents' public safety needs. Decreased revenue and across-the-board budget shortfalls have significantly impacted cities' ability to meet the current RMRA MOE requirements.

To that end, we respectfully request that SCO take the following actions:

- Relax the MOE requirements for the current fiscal year and the next two fiscal years.
- Postpone increasing the MOE requirements. Increased MOE amounts should be reinstated when sales tax revenues reach the 2018-19 fiscal year levels.
- Any cities that do not meet the MOE requirements should be tracked and be allowed to make up the balance once revenues are stabilized.

We ask that you work with cities to find a solution that accommodates both the State and cities. We look forward to our continued partnership and collaborative efforts to continue serving our residents.

Sincerely,

  
Bradley J. McGirr  
Mayor

**Mayor**  
Bradley J. McGirr

**Mayor Pro Tempore**  
L. Anthony Beall

**Council Member**  
Anne D. Figueroa

**Council Member**  
Carol A. Gamble

**Council Member**  
Jerry Holloway

**City Manager**  
Jennifer M. Cervantez

cc: Governor Gavin Newsom  
CalTrans Director Toks Omishakin  
Speaker of the Assembly Anthony Rendon  
Senate Pro Tempore Toni Atkins