

CITY OF CONCORD
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September 5, 2018

By U.S. Mail and email (ctadmin@contracosta.courts.ca.gov)

Mr. Mario Gutierrez, Foreperson
Contra Costa County Civil Grand Jury
P. O. Box 431
Martinez, CA 94553

RE: City of Concord Response to June 2018 Grand Jury Report No. 1808,
"Joint Powers Authorities"

Dear Mr. Gutierrez:

This letter serves as the City of Concord's response to the Contra Costa Grand Jury's findings and recommendations set forth in Report No. 1808, entitled "Joint Powers Authorities." This letter was reviewed by the Concord City Council at its August 28, 2018, City Council Meeting, and I was directed to submit the response for the City of Concord.

I. FINDINGS

Finding No. 1: "In the Direct JPA model, each member delegates to the JPA a function that each member has the legal authority to provide. This shared approach results in cost savings and better efficiency on behalf of taxpayers."

Response: The City of Concord agrees with the Finding.

Finding No. 2: "The circular JPAs with a single controlling entity, such as a city council, have the potential to avoid legal debt limits and provide limited disclosures to taxpayer."

Response: The City of Concord disagrees with the Finding. The Public Financing Authority referenced in the Grand Jury report describes a JPA (Public Financing Authority) between the City and its former Redevelopment Agency. With the dissolution of redevelopment by the State of California, the Public

Financing Authority (PFA) is no longer able to issue new debt. The PFA will continue to exist until all of the bonds issued under the PFA are fully repaid. And the City will continue to report the activities of the PFA in its annual financial statements (CAFR) fully disclosing the terms and status of the debt.

Finding No. 3: "In Contra Costa County, there are 12 Circular JPAS created by cities with RDAs that no longer exist. These JPAs may no longer be valid because each is a member of another Financial JPA which may take on new debt without the prohibition (Gov. Codes Sections 6505 3416/34170 et seq.) placed on Successor Agencies."

Response: The City of Concord disagrees with this finding. As mentioned previously, the JPA between the City of Concord and Successor Agency for the City's former RDA cannot issue new debt.

Finding No. 4: "Cities that have created the 12 Financial JPAs do not provide JPA-specific financial information in their budget document. As a result, the public may have difficulty evaluating JPA's financial performance."

Response: The City of Concord disagrees with the Finding. A complete picture of the debt service requirement for the JPA is found in the Notes Section of the City's CAFR (Comprehensive Annual Financial Report). All annual debt service requirements are budgeted as part of the biennial budget document.

II. RECOMMENDATIONS

Recommendation No. 1: "All cities with JPAs in the County should confirm their compliance with Gov. Codes Sections 6506 by submitting the required audit report to the County Auditor by December 31, 2018."

Response: The recommendation will be implemented with the June 30, 2018 audit.

Recommendation No. 4: "The 11 cities that are members of a FPA associated with an RDA or their Successor Agencies should consider confirming their compliance with the provisions of Abx1.26 (Gov. Codes Sections 34177 et se.) and report their findings and any corrective actions to the Auditor-Controller's office by December 31, 2018."

Response: The recommendation is not warranted. Through the RDA dissolution process, the California Department of Finance (DOF) annually scrutinizes all transactions through the Recognized Obligation Payment Schedule (ROPS) process. The DOF reviews a reconciliation of cash balances and all activities flowing through the Successor Agency to ensure each transaction is in

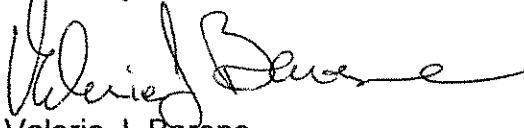
compliance with AB1x26. Starting July 1, 2018, the ROPS process will be overseen by a County-wide Oversight Board. In addition to DOF oversight, the information is publically available in the City's CAFR.

Recommendation No. 5: "All cities with JPAs should consider making special efforts, such as special mailings to taxpayers, website postings, and announcements in local media, to communicate JPA debt decisions and audit reports to the public beyond simple notifications by December 31, 2018."

Response: The recommendation is not warranted. All JPA debt decisions are publically communicated at City Council meetings. Information on all debt issuances is available in the City's CAFR.

Karan Reid, Director of Finance, is available to answer any questions or provide any additional information concerning the above responses. You can reach her at (925) 671-3192 or by email at karan.reid@cityofconcord.org.

Sincerely,



Valerie J. Barone
City Manager

C: Concord City Council
Kathleen Tropa, Assistant City Manager, City of Concord
Joelle Fockler, City Clerk, City of Concord
Karan Reid, Director of Finance, City of Concord

