

September 11, 2018

Grand Jury
Attn: Foreperson Mario Gutierrez
P.O. Box 431
Martinez, CA 94553
(also by email to ctadmin@contracosta.courts.ca.gov)

Re: **Grand Jury Report No. 1808, "Joint Powers Authorities" by the 2017-2018 Contra Costa County Civil Grand Jury**

Dear Mr. Gutierrez:

On behalf of the San Pablo City Council, this letter responds to Grand Jury Report No. 1808, "Joint Powers Authorities" by the 2017-2018 Contra Costa Grand Jury. With regard to FINDINGS, the City of San Pablo responds as follows:

- F1:** "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 San Pablo agrees with this finding.
- F2:** "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 San Pablo disagrees with this finding. A Joint Powers Authority (JPA) is a separate legal public entity as defined by the Government Code. As such, JPAs have the ability to incur their own debt separate from the municipality. The "single controlling entity", even if made up of the same members as a City Council, still serves in a separate legal role. All meetings of JPAs are publicly noticed and comply with the Brown Act, and disclosures and audits of JPAs are made in accordance with state law.
- F3:** "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 San Pablo disagrees with this finding. While the Dissolution Law voided most agreements between former redevelopment agencies and their host cities, the Dissolution Law preserves the existence of joint powers authorities whose members included a former redevelopment agency. See Health & Safety Code section 34178(b). The City also does not know the structure of each agreement referred to in this report and therefore cannot provide an opinion on their validity.

F4: “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 San Pablo disagrees with this finding. The City provides financial information on the San Pablo Joint Powers Financing Authority in its budget document which is presented in a public meeting and is available to the public in both written and online formats. Please see San Pablo Budget Documents at: <http://www.sanpabloca.gov/407/City-Financial-Reports>. The City does not have information on whether or not other cities provide similar information.

With regard to RECOMMENDATIONS, the City of San Pablo responds as follows:

R4: “The 11 cities that are members of a JPA associated with an RDA or their Successor Agencies should consider confirming their compliance with the provisions of Abx1.26 (Gov. Codes Sections 34177 et seq.) and report their findings and any corrective actions to the Auditor-Controller’s office by December 31, 2018.”

Response: This recommendation will be partially implemented. The Auditor-Controller does not have jurisdiction over a JPA for this purpose. The City complies with state law with respect to the responsibilities of its own Successor Agency; see City Oversight Board activities at: <http://www.sanpabloca.gov/1463/Oversight-Board-AgendasMinutes>.

R5: “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: This recommendation will be partially implemented as the City will consider making extra efforts, including through the City’s website, to communicate additional information regarding its JPAs financial obligations. Again it should be noted that each JPA is a separate legal entity and the City does not have the responsibility nor the resources available to report on actions taken by every JPA of which it is a member. Furthermore, as the Civil Grand Jury’s Finding No. 1 states, “each member delegates to the JPA a function that each member has the legal authority to provide.” Having cities with JPAs communicate JPA debt decisions and audit reports on their websites, when the information should be available on the JPAs’ websites, is counter to cost savings and efficiency on behalf of taxpayers.

We hope the City of San Pablo's responses to the findings and recommendations outlined in Grand Jury Report No. 1808 are helpful to the Grand Jury's purposes.

Sincerely,

Genoveva Garcia Calloway
Mayor