



Metro Cities Fire Authority

Metro Net Fire Communications Center

201 South Anaheim Blvd. Suite 302
Anaheim, California 92805

Phone: (714) 765-4075 Fax: (714) 765-4074

September 10, 2015

The Honorable Glenda Sanders
Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: 2014 - 2015 Orange County Grand Jury Report, "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency"

Honorable Judge Sanders:

As the Chairperson of the Board of Metro Cities Fire Authority (Authority), I am pleased to respond on behalf of the Authority to the 2014 - 2015 Orange County Grand Jury Report, "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency." The responses contained in this letter have been approved by the board of directors of the Authority. The Authority's response addresses the Orange County Grand Jury Report's findings and recommendations relevant to our Authority in accordance with the California Penal Code Sections 933 and 933.05.

Findings

F.4. Vertical Joint Powers Authorities with a single controlling entity, such as a city council, have the potential to use this organizational structure as a shell company to avoid other legal constraints on the controlling entity and to obfuscate taxpayer visibility.

Response: The Authority disagrees with this finding. Metro Cities Fire Authority is not a vertical joint powers agency as that term is used in the Grand Jury Report. Authority is a horizontal joint powers agency- and was actually used as the example of a horizontal joint powers agency in the Grand Jury Report itself. Metro Cities Fire Authority's members are the cities of Anaheim, Brea, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Newport Beach and Orange. Each member city designates a representative from its respective city councils, which representatives compromise the Board of Directors. Each member has equal representation.

F.5. Vertical Joint Powers Authorities in which the controlling entity transfers assets from itself to a Joint Powers Authority for the purpose of obtaining additional funding, or signs a long-term lease to a Joint Powers Authority to obtain assets, are avoiding transparency and are not acting in the best financial interest of the taxpayers.

*Anaheim • Brea • Fountain Valley • Fullerton • Garden Grove
Huntington Beach • Newport Beach • Orange*

Response: The Authority disagrees with this finding. Metro Cities Fire Authority is not a vertical joint powers agency as that term is used in the Grand Jury Report. Authority is a horizontal joint powers agency- and was used as such as the example of a horizontal joint powers agency in the Grand Jury Report. Authority's members are the cities of Anaheim, Brea, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Newport Beach and Orange. Each member city designates a representative from its respective city councils, which representatives compromise the Board of Directors. Each member has equal representation.

F.6. 32 of the Joint Powers Authorities identified in Orange County are not complying with the California State reporting requirements in code Section 6500 and SB 282 according to the latest information available from the year 2013.

Response: The Authority disagrees with this finding. It is Authority's belief that only local agencies which have been requested by the Controller pursuant to Government Code Section 12463.1 to provide the information in Government Code Section 53980 are required to provide such information. Authority is unaware of such request, but nevertheless, will provide the information.

Recommendations

R.3. All Joint Powers Authorities should take the following actions to insure transparency to the taxpayers: (1) have an annual outside audit, (2) post the complete audit on their city website as a separate Joint Powers Authority entity, (3) send the audit to the County Controller and the State Auditor, and (4) ensure the required reports are filed annually to the County and the State. (F.4., F.5.)

Response: The Authority has implemented this recommendation.

R.4. The 32 Joint Powers Authorities that are not complying with the California State Law requiring annual reporting should become compliant by submitting their 2014 report by December 31, 2015 and submitting the require reports annually thereafter. (F.6.)

Response: The Authority has implemented this recommendation.

The Authority would like to express its appreciation for the efforts of the Orange County Grand Jury. The Authority is committed to public disclosure and transparency in its governmental affairs. Should you have any questions or need additional information, please contact Gary Gionet, Fire Dispatch Manager, at (714) 765-4077 or ggionet@anaheim.net.

Respectfully submitted,
METRO CITIES FIRE AUTHORITY



Chairperson of the Board

Cc: Orange County Grand Jury
City Clerk, City of Anaheim