



September 17, 2015

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

**Re: Response by the City of Tustin to the June 29, 2015 Grand Jury Report re Joint Powers Authorities**

Dear Judge Sanders:

The City of Tustin ("City") hereby responds to the June 29, 2015 Grand Jury Report entitled "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency" (referred to herein as the "Report"). Pursuant to California Penal Code Section 933.05(a) and (b), please find the following responses to Findings F1, and F3 and Recommendations R1 and R2:

Findings of the Grand Jury

- F1) Orange County has nine "inactive" Joint Powers Authorities that have no viable activity, revenue, expenditure, assets, or liabilities. The Grand Jury determined that these Joint Powers Authorities serve no benefit to the public or the taxpayers and have the potential for misuse or obfuscation of public funds.

**City Response:**

The City agrees and disagrees with this Finding in part. While the City agrees that Tustin's Public Financing Authority (the "Finance Authority") (a joint powers authority ["JPA"]) is presently serving no specific purpose, the City believes that JPAs like the Finance Authority can and do serve important public purposes. The Financing Authority has and could continue to provide an important tool for financing vital public facilities needed to build out the former Marine Corps Air Station ("MCAS") Tustin.

- F3) Orange County has 18 vertical Joint Powers Authorities created by a city along with its redevelopment agency that no longer exists. The Grand Jury determined that these Joint Powers Authorities serve no benefit to the public or the taxpayers and have the potential for misuse or obfuscation of public funds.

**City Response:**

The City agrees and disagrees with this Finding in part. The City agrees the Tustin Public Financing Authority is presently not in use but that JPAs and financing authorities can and do serve useful public purposes such as the financing of vital public facilities needed to build out the MCAS Tustin.

Recommendations of the Grand Jury

- R1) All Orange County Joint Powers Authorities that are “inactive” should submit the official paperwork with the State of California requesting termination of their existence or provide at the next public meeting the justification for continuing the Joint Powers Authorities (See F1)

**City Response:**

The City will not implement this recommendation because it is unwarranted. There is a need for maximum flexibility in financing infrastructure, environmental cleanup and improvements needed to develop the former MCAS Tustin. The City believes it would be unwise to eliminate this alternative public finance tool with such important long-term public needs still pending.

- R2) All Vertical Joint Powers Authorities created by a city along with its redevelopment agency should submit the necessary paperwork with the State of California requesting termination of their existence. (See F3)

**City Response:**

As stated in response to Recommendation #1, the City will not implement this recommendation because it is unwarranted. There is a need for maximum flexibility in financing infrastructure, environmental cleanup and improvements needed to develop the former MCAS Tustin. The City believes it would be unwise to eliminate this public finance tool with such important long-term public needs still pending.

Thank you for the opportunity to respond to the Grand Jury’s Report. If you have any questions regarding our response, please contact Jeffrey C. Parker, City Manager, at (714) 573-3012 or Jerry Craig, Economic Development & Housing Manager, at (714) 573-3121.

Sincerely,



Charles E. “Chuck” Puckett  
Mayor

cc: 2014-2015 Orange County Grand Jury  
Jeffrey C. Parker, City Manager  
David E. Kendig, City Attorney  
Pamela Arends-King, Finance Director/City Treasurer  
John Buchanan, Deputy Director of Economic Development  
Jerry Craig, Economic Development & Housing Manager