



## Orange County-City Hazardous Materials Emergency Response Authority

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www.anaheim.net/occhmera

### Participating Agencies:

September 18, 2015

City of Anaheim



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

City of Huntington Beach

### Subscriber Agencies:

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

City of Brea



Honorable Judge Sanders:

City of Costa Mesa



As the Chairperson of the Board of Orange County-City Hazardous Materials Emergency Response 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.

City of Fountain Valley



City of Fullerton



City of Garden Grove



### Findings

City of Newport Beach



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.

City of Orange

*Response: The Authority disagrees with this finding. 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 very similar to the Metro Cities Fire Authority example used as an example of a horizontal joint powers agency in the Grand Jury Report. Authority's members are the cities of Anaheim, Fullerton, Huntington Beach, Newport Beach and Orange. Each member city designates a representative approved by 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.

*Response: The Authority disagrees with this finding. 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 very similar to the Metro Cities Fire Authority example used as an example of a horizontal joint powers agency in the Grand Jury Report. Authority's members are the cities of Anaheim, Fullerton, Huntington Beach, Newport Beach and Orange. Each member city designates a representative approved by its respective city councils, which representatives compromise the Board of Directors. Each member has equal representation.*

### Recommendations

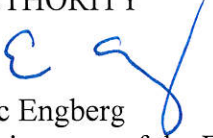
R.3. All Joint Powers Authorities should take the following actions to insure transparency to the taxpayers: (1) have an annual outside audit, (2) post the complete audit on their city website as a separate Joint Powers Authority entity, (3) send the audit to the County Controller and the State Auditor,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

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 Blevins at (714) 765-4047 or [GBlevins@anaheim.net](mailto:GBlevins@anaheim.net).

Respectfully submitted,

ORANGE COUNTY-CITY HAZARDOUS MATERIALS EMERGENCY RESPONSE  
AUTHORITY

  
Eric Engberg  
Chairperson of the Board

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