



September 28, 2015

Alexander A. Ethans
Mayor

Brian Donahue
Mayor Pro Tem

Rigoberto A. Ramirez
Council Member

David J. Shawver
Council Member

Carol Warren
Council Member

James A. Box
City Manager

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

Re: Response to the Orange County Grand Jury report - "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency"

Honorable Judge Sanders:

The City of Stanton ("City") has reviewed the findings and recommendations of the Orange County Grand Jury report entitled, "Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency". 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:

Grand Jury Findings

Finding F.1.: 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 disagrees partially with the finding. The City agrees that there is currently no activity. However, the Stanton Public Financing Authority ("Authority") has the potential to serve a future benefit to the public. The Authority could assist in financing capital improvements for the City if the requirements of Sections 6586 et seq., of the Government Code are met. Currently, there are no costs to the taxpayers by the Authority remaining in existence in an inactive status.

The City does not believe that there is a potential for misuse or obfuscation of public funds. The Authority acts in accordance with all relevant statutes, including transparency laws such as the Brown Act (Gov. Code §§ 54950 *et seq.*) and Public Records Act (Gov. Code §§ 6250 *et seq.*). Pursuant to the Brown Act, the Authority's actions are only taken pursuant to noticed and agenda public meetings. Government Code Section 6586.5 also requires a public hearing prior to issuing a bond for a public capital improvement. While there is currently no financial activity by the Authority, should any activity commence, it would be subject to audit by external auditors as well as reported in the City's Comprehensive Annual Financial Report and disclosed in the annual State Controller's Report.

Finding F.3.: 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 disagrees wholly with the finding. The Authority was created for the purpose of assisting in the financing of public capital improvements for the City and its former Redevelopment Agency. Moreover, the Authority is a party to the Joint Powers Agreement that created the Stanton Housing Authority.

The City does not believe that there is a potential for misuse or obfuscation of public funds. The Authority acts in accordance with all relevant statutes, including transparency laws such as the Brown Act and Public Records Act. Pursuant to the Brown Act, the Authority's actions are only taken pursuant to noticed and agenda public meetings. Pursuant to the Public Records Act, the Authority's documents are available for public inspection. While there is currently no financial activity by the Authority, should any activity commence, it would be subject to audit by external auditors as well as reported in the City's Comprehensive Annual Financial Report and disclosed in the annual State Controller's Report.

Recommendation R.1.: 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 Authority. (F.1.)

City Response:

The recommendation will not be implemented because it is not warranted and is not reasonable. There is a need for maximum flexibility in financing for potential future projects. The City has determined that it would be unwise to eliminate this alternative public financing tool.

Recommendation R.2.: 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. (F.3.)

Authority Response:

The recommendation will not be implemented because it is not warranted or is not reasonable. As stated in response to Recommendation #1, the City believes that there is a need for maximum flexibility in financing for potential future projects for the City.

On behalf of the City of Stanton, I would like to thank you for the opportunity to provide this response to the Orange County Grand Jury. Please contact Stephen Parker, City of Stanton Administrative Services Director at (714) 890-4226 or sparker@ci.stanton.ca.us if you have questions or need additional information.

Sincerely,



A.A. Ethans
Mayor

Cc: Orange County Grand Jury
James A. Box, City Manager
Matthew E. Richardson, City Attorney
City Council