



*Integrated Law and Justice Agency for Orange County  
- A Joint Powers Authority -*

September 28, 2015

Honorable Glenda Sanders  
Presiding Judge of the Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701  
RE: Response to Orange County Grand Jury Report

Dear Presiding Judge Sanders:

Thank you on behalf of all of the members of The Integrated Law and Justice Agency of Orange County (“ILJAOC”), for the opportunity to respond to the Grand Jury Report entitled, “Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency” (“Report”). The ILJAOC is proud of the structure of its organization and the valuable service it is providing to the Criminal Justice community and the residents of Orange County. In accordance with Penal Code section 933.05, below is a response concerning each of the Report’s findings and recommendations for which a response was requested from ILJAOC.

**RESPONSES TO 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.*

The ILJAOC **disagrees** with this finding to the extent it purports to relate to ILJAOC. The ILJAOC operates as a horizontal Joint Powers Authority (“JPA”), as that term is used in the Report, not a vertical JPA. Its 27 member entities include 21 cities (Anaheim, Brea, Buena Park, Costa Mesa, Cypress, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, La Habra, La Palma, Laguna Beach, Los Alamitos, Newport Beach, Orange, Placentia, Santa Ana, Seal Beach, Tustin and Westminster), the County of Orange, the Orange County Superior Court, and two university police departments (University of California Irvine Police Department and California State University Fullerton Police Department). ILJAOC was formed to further a common criminal justice related goal of the member entities — to facilitate the integration and sharing of criminal justice information.

The ILJAOC is governed by a Board of Directors that is entirely separate and distinct from the governing boards of any of ILJAOC’s member entities. It is composed of a combination of voting members and non-voting members. The voting members include the following: (a) six (6) police chiefs from member city police departments, each elected for a three-year term by the Orange County Chiefs’ & Sheriff’s Association; (b) one (1) designated police chief alternate; (c) the Orange County Sheriff; (d) the Orange County

District Attorney; (e) the Orange County Chief Probation Officer; (f) the Orange County Public Defender; (g) one (1) representative from the County of Orange Chief Executive's Office, who serves at the County of Orange CEO's pleasure; (h) the Presiding Judge of the Orange County Superior Court; (i) the Chief Executive Officer of the Orange County Superior Court; and (j) three (3) City Manager representatives, who are elected by the Orange County City Managers Association, with at least one of those City Manager representatives being from a city in the County that contracts with the Orange County Sheriff's Department for law enforcement services. The non-voting members of the ILJAOC Board are representatives from each member entity that does not have a voting member spot on the Board.

Due to the composition of the ILJAOC Board, none of the member entities has the ability to control the ILJAOC Board through a majority voting block. Therefore, the agency has a governing authority structure that is capable of providing self-correction and accountability through built-in organizational checks and balances. Further, each member entity is motivated to have the ILJAOC perform better than the individual member entity could perform alone. If the ILJAOC is not providing the desired results, the member entities may withdraw from the ILJAOC and thereafter perform alone.

Based on the foregoing, the ILJAOC is properly characterized as a horizontal JPA, as that term is use in the Report, not a vertical JPA.

*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.*

The ILJAOC **disagrees** with this finding to the extent it purports to relate to ILJAOC. For the reasons explained in response to Finding F.4, the ILJAOC is a horizontal JPA, not a vertical JPA. Further, none of the ILJAOC member entities have transferred assets to the ILJAOC for the purpose of obtaining additional funding, and none of the ILJAOC member entities have signed a long-term lease to the ILJAOC to obtain assets.

*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.*

The ILJAOC lacks sufficient information to be able to agree or disagree with this finding as it relates to other Joint Powers Authorities. As for this finding as it relates to ILJAOC, the ILJAOC **disagrees** with the finding. The ILJAOC is in compliance with the reporting requirements set forth in the referenced legislation. Indeed, prior to publication of the Report, ILJAOC submitted the requisite report for the year 2014 and ILJAOC intends to do the same in the future on an annual basis.

**RESPONSES TO 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.)*

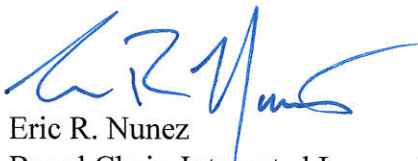
This recommendation does not require any implementation on the part of the ILJAOC because the agency is complying with the listed actions to insure transparency, and intends to continue to do so. As it does for each fiscal year, the ILJAOC authorized a complete and thorough outside audit of fiscal year 2014-2015 prior to the completion and release of the Report. The final audit is posted on the City of Brea's website under the ILJAOC as a separate Joint Powers Authority. Although the ILJAOC had not filed reports to the County Auditor Controller or State Controller in previous years, the agency did so this year at the completion of the FY 2014-2015 audit and prior to the release of the Report. The ILJAOC will continue to comply with the requirements set forth in this recommendation on an annual basis.

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 required reports annually thereafter. (F.6.)*

The ILJAOC has already implemented this recommendation. ILJAOC already submitted the 2014 report as recommended and it will continue to follow state law by filing annually as required.

I would again like to thank you for the opportunity to respond to this report. We look forward to our mutual endeavors of service to the residents of Orange County.

Sincerely,



Eric R. Nunez  
Board Chair, Integrated Law and Justice Agency of Orange County

CC: Orange County Grand Jury  
700 Civic Center Drive West  
Santa Ana, CA 92701