



Office of City Manager
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November 30, 2015

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

The Honorable Glenda Sanders,

Please accept this as the City of San Clemente's official response to the 2014-2015 *Joint Powers Authorities: Issues of Viability, Control, Transparency, and Solvency*.

Findings

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.

The City of San Clemente partially agrees with this finding. The City of San Clemente has a Vertical Joint Powers Authority created with its redevelopment agency. However, the statement that these joint powers authorities serve no benefit may be overstated and generalized.

In the City of San Clemente's situation, the joint power authority allowed taxpayers to achieve present value savings of \$1,184,153 (see attachment) that lowered annual tax assessments on citizens. Hence, the use of the joint powers authority did serve a benefit to the public, the taxpayers, and should not be considered a misuse or obfuscation of public funds.

Recommendations

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.)

The City of San Clemente agrees with this recommendation, however there are currently existing agreements outstanding that relate to this joint power agreement. This recommendation will be implemented upon the completion of these agreements.

The necessary paperwork will be filed with the State of California requesting the termination of their existence. In addition, no new arrangements can or will be entered into where the redevelopment agency and the City as a Joint Powers Authority. The fulfillment of these agreements will continue to save the taxpayers funds from breach of contract lawsuits.

If further information is required regarding this matter, please contact the City's Assistant City Manager, Erik Sund, at (949) 361-8360.

Sincerely,



Erik Sund
Assistant City Manager

C: Mayor and City Council
Orange County Grand Jury

SAVINGS

City of San Clemente Public Financing Authority
 Reassessment Refunding Revenue Bonds
 Assumed Call Provisions See Footnote (1)
 SLGS as of 06/26/07

 FINAL PRICE: JUNE 26, 2007

| Date | Prior Debt Service | Refunding Debt Service | Savings | Present Value to 07/18/2007 @ 4.8012781% |
|------------|--------------------|------------------------|--------------|--|
| 09/02/2007 | 671,631.25 | | 671,631.25 | 667,747.80 |
| 09/02/2008 | 1,130,572.50 | 995,413.86 | 135,158.64 | 128,915.70 |
| 09/02/2009 | 1,155,722.50 | 1,016,997.50 | 138,725.00 | 127,810.91 |
| 09/02/2010 | 1,178,362.50 | 1,036,885.00 | 141,477.50 | 124,238.72 |
| 09/02/2011 | 1,198,412.50 | 1,054,885.00 | 143,527.50 | 120,138.51 |
| 09/02/2012 | 1,225,792.50 | 1,076,485.00 | 149,307.50 | 119,064.83 |
| 09/02/2013 | 1,250,052.50 | 1,096,485.00 | 153,567.50 | 116,682.22 |
| 09/02/2014 | 1,251,142.50 | 1,099,885.00 | 151,257.50 | 109,565.25 |
| 09/02/2015 | 1,249,682.50 | 1,096,578.76 | 153,103.74 | 105,677.50 |
| 09/02/2016 | 1,246,407.50 | 1,097,008.76 | 149,398.74 | 98,309.51 |
| 09/02/2017 | 1,246,317.50 | 1,096,083.76 | 150,233.74 | 94,202.58 |
| 09/02/2018 | 1,249,110.00 | 1,098,302.50 | 150,807.50 | 90,109.20 |
| 09/02/2019 | 1,249,482.50 | 1,098,377.50 | 151,105.00 | 86,035.62 |
| 09/02/2020 | 1,247,435.00 | 1,097,102.50 | 150,332.50 | 81,565.07 |
| 09/02/2021 | 1,247,967.50 | 1,098,752.50 | 149,215.00 | 77,145.44 |
| 09/02/2022 | 1,250,777.50 | 1,098,602.50 | 152,175.00 | 74,944.61 |
| 09/02/2023 | 1,250,562.50 | 1,096,237.50 | 154,325.00 | 72,400.62 |
| 09/02/2024 | 1,247,322.50 | 1,096,812.50 | 150,510.00 | 67,279.04 |
| 09/02/2025 | 1,246,057.50 | 1,095,487.50 | 150,570.00 | 64,110.99 |
| 09/02/2026 | 1,246,465.00 | 1,092,262.50 | 154,202.50 | 62,527.12 |
| 09/02/2027 | 1,248,242.50 | 1,097,137.50 | 151,105.00 | 58,353.85 |
| 09/02/2028 | 1,246,087.50 | 1,094,637.50 | 151,450.00 | 55,689.91 |
| | 26,533,606.25 | 22,730,420.14 | 3,803,186.11 | 2,602,515.00 |

Savings Summary

| | |
|-------------------------------|---------------------|
| PV of savings from cash flow | 2,602,515.00 |
| Less: Prior funds on hand | -2,261,737.28 |
| Plus: Refunding funds on hand | 843,375.55 |
| Net PV Savings | 1,184,153.27 |

Note: (1) 3/2/08 @ 101 & 9/2/08 @ 100 for prepayment call and 3/2/17 @ 100 for optional call.