

The People are the City



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401 East Chapman Avenue – Placentia, California 92870

July 18, 2012

The Honorable Thomas J. Borris
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, California 92701

RE: 2011-12 ORANGE COUNTY GRAND JURY REPORT ENTITLED "THE DISSOLUTION OF REDEVELOPMENT: WHERE HAVE WE BEEN? WHAT LIES AHEAD?"

Dear Presiding Judge Borris:

In accordance to California Penal Code §§ 933 .05 (a) and (b), the City of Placentia is pleased to provide the following responses to findings F1, F2 and F3 and recommendations R1, R2, R4 and R5 of the above referenced study that was prepared by the 2011-12 Orange County Grand Jury. These responses were reviewed and approved by the City Council at the meeting of July 17, 2012.

Finding F1: As of the date of dissolution of redevelopment (February 1, 2012) all city operated redevelopment agencies, except Mission Viejo and Seal Beach, were exceeding the administrative costs limits of 5% of the tax increment distributed related to the ROPS as authorized by ABX1 26.

City Response: The City agrees with the finding.

Finding F2: Of the agencies surveyed, only Costa Mesa and Santa Ana reported having a citizen involvement committee along the line of a project area committee as authorized by Section 33385 of the Health and Safety Code.

City Response: The City agrees with the finding.

Finding F3: Historically, external oversight over redevelopment has been missing or ineffective in monitoring redevelopment agency compliance and performance. The new formed oversight boards offer a potential to improve on that record by providing critical evaluation of existing projects and management of the successor agency debt.

City Response: The City disagrees wholly or partially with the finding. The finding is overly broad in its scope as external oversight over the former agencies was not uniform and, in some cases, adequate external monitoring for an agency was conducted locally. With regard to statewide agency or legislative monitoring of redevelopment agencies, the City can agree to the finding but the weakness was due to ineffective legislation or reporting

requirements. The City agrees that the new formed oversight boards have the potential to improve upon external monitoring.

Recommendation R1: All successor agencies should review administrative costs to ensure compliance with the limit of five percent of the tax-increment or less as required by AB X1 26 and develop a plan to reduce these costs to three percent of the tax increment received or less in 2012-13. If these percentages fall below \$250,000, that agencies are allowed to claim the higher amount.

City Response: The recommendation has been implemented. The Successor Agency received a 100% approval rate on its Recognized Obligation Payment Schedule to include Form C, its Administrative Budget.

Recommendation R2: Successor agencies and oversight boards should review the Recognized Obligation Payment Schedule with a view toward limiting the range of projects and obligations thereby retiring the enforceable obligation debt as quickly as possible.

City Response: The recommendation has been implemented. It is the Successor Agency's intent to wind down the former redevelopment agency in an expedited manner.

Recommendation R4: Successor agencies and oversight boards should critically review the Recognized Payment Obligation Schedule (ROPS) to evaluate the need for debt owed to the city. (See F8)

City Response: The recommendation will not be implemented because it is not warranted. The City did not encumber debt to the City prior to the dissolution of the agency.

Recommendation R5: Successor agencies and oversight boards should critically review the Recognized Payment Obligation Schedule (ROPS) to evaluate the need for incentive payments to commercial entities. (See F9)

City Response: The recommendation will not be implemented because it is not warranted. The Agency did not have any incentive payments to commercial entities.

Thank you for affording us this opportunity to comment upon the finds and recommendations of the Grand Jury's study. Should you have any questions or need clarification regarding the City's responses contained herein, please do not hesitate to contact our City Administrator at (714) 993-8117.

Sincerely,



Jeremy B. Yamaguchi
Mayor

c: City Council
City Administrator