



CITY OF SAN RAMON

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October 10, 2018

Civil Grand Jury - Foreperson
725 Court Street
PO Box 431
Martinez, CA 94553-0091

Re: Contra Costa County Grand Jury Report No. 1808, "Joint Powers Authorities: Transparency and Accountability"

Dear Foreperson Nakano,

On behalf of the City of San Ramon, this letter responds to the Contra Costa County Civil Grand Jury Report No. 1808, "Joint Powers Authorities: Transparency and Accountability". The City of San Ramon appreciates the time and effort that you and the Grand Jury spend on these matters and acknowledge the importance of the role in oversight of local government activities.

Grand Jury Findings

Finding #1: In the Direct JPA model, each member delegates to the JPA a function that each member has the legal authority to provide. This shared approach results in cost savings and better efficiency on behalf of taxpayers.

Response: San Ramon agrees with Finding #1.

Finding #2: The Circular JPAs with a single controlling entity, such as a city council, have the potential to avoid legal debt limits and provide limited disclosures to taxpayer.

Response: San Ramon Partially Disagrees with Finding #2. There are exceptions to the State constitutional debt limit that may be obtained through partnerships with joint powers authorities (JPA's). Debt and debt service associated with the JPAs is reported through various disclosures to include the City's Comprehensive Annual Financial Report (CAFR), budget process and any other required disclosure.

Finding #3: In Contra Costa County, there are 12 Circular JPAs created by cities with RDAs that no longer exist. These JPA's may no longer be valid because each is a member of another Financial JPA which may take on new debt without the prohibition (Gov. Codes Sections 605 3416/34170 et. Seq.) placed on Successor Agencies.

Response: San Ramon Disagrees with Finding #3. Pursuant to Health and Safety Code section 34178(b), the Dissolution Law preserves the existence of joint powers authorities whose members included a former redevelopment agency.

Finding #4: Cities that have created the 12 Financial JPAs do not provide JPA-specific financial information in their budget document. As a result, the public may have difficulty evaluating JPA's financial performance.

Response: San Ramon Disagrees with Finding #4. As noted above, a city that assumes debt as part of a JPA would disclose that debt and associated payments through a number of channels, including its budget, comprehensive annual financial report, and ongoing disclosure requirements.

Grand Jury Recommendations

Recommendation #1: All cities with JPAs in the County should confirm their compliance with Gov. Codes Sections 6505 by submitting the required audit report to the County Auditor by December 31, 2018.

Response: The recommendation will not be implemented. JPAs are legal independent entities and are responsible for producing required audit reports. The City of San Ramon is a member of numerous JPAs, many of which have independent staff which are responsible for producing the audit reports for the County Auditor. Additionally, such a requirement would result in the County Auditor receiving multiple copies of the same audit from each of the member agencies of the JPA. JPA's, being independent entities, should fulfill all required duties.

Recommendation #4: The 11 cities that are members of a JPA associated with an RDA or their Successor Agencies should consider confirming their compliance with the provisions of Abx1 .26 (Gov. Codes Sections 34177 et seq.) and report their findings and any corrective actions to the Auditor-Controller's office by December 31, 2018.

Response: The recommendation will be implemented. The City will confirm its compliance with State Government Code regarding JPAs in which the City is a member of.

Recommendation #5: All cities with JPAs should consider making special efforts, such as special mailings to taxpayers, website postings and announcements in local media, to communicate JPA debt decisions and audit reports to the public beyond simple notifications by December 31, 2018.

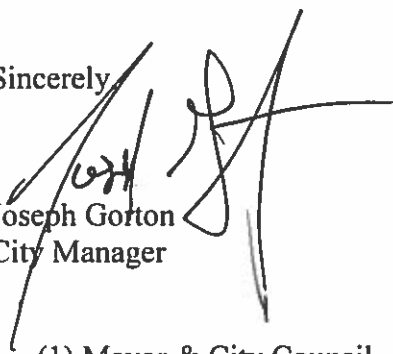
Response: The recommendation will not be implemented because it is not warranted. JPAs

are distinctly separate governmental entities. Each JPA and not the member agencies are responsible for communicating debt decisions and providing audit reports to the public on its website. Member agencies delegates to the JPA a function that each member has the legal authority to provide. The JPA with this delegated authority should also provide information on JPA debt decisions and audit reports on their own website ensuring accuracy and timeliness of the information.

We trust the Grand Jury will find the responses helpful to its endeavor.

The City of San Ramon appreciates the opportunity to provide this response. If you have questions, please contact me direct.

Sincerely,



Handwritten signature of Joseph Gorton, consisting of a stylized 'JG' followed by a horizontal line.

Joseph Gorton
City Manager

(1) Mayor & City Council