



CITY OF PINOLE

City Manager's Office

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September 4, 2018

Mario Gutierrez, Foreperson
Contra Costa County Civil Grand Jury
725 Court Street
P.O. Box 431
Martinez, CA 94553-0091
Email: ctadmin@contracosta.courts.ca.gov

Via U.S. Mail and Email

RE: Grand Jury Report No. 1808, "Joint Powers Authorities"

Dear Mr. Gutierrez:

Enclosed, please find the City of Pinole's response to the Grand Jury's Report No. 1808, "Joint Powers Authorities," request for responses on Joint Powers Authorities.

Grand Jury Findings:

- 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: The City of Pinole agrees with the 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: The City of Pinole disagrees with the finding. When issuing debt, investors, public or private, as well as the Trustees of the debt, assure that there are sufficient revenues and the City is financially capable to pay off the debt issued. This is a check and balance approach required by investors. Moreover, debt issuance limits are influenced by outside factors such as; maintaining a specific debt to equity ratio, disposable revenue available to pay debt and/or other measures. Additionally, most actions to issue debt are approved by Resolution during a public meeting.

- 3. In Contra Costa County, there are 12 Circular JPAs created by cities with RDAs that no longer exist. These JPAs 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 6505 3416/34170 et seq.) placed on Successor Agencies.***

Response: The City of Pinole disagrees with this 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: The City of Pinole disagrees with the finding. 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:

- 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 separate legal public entities, and compliance is the responsibility of each JPA, not the City. The City is a member of several JPAs and does not have the resources to continually monitor each JPA as to its compliance.

- 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 not be implemented. The Auditor-Controller does not have jurisdiction over a JPA for this purpose. The City complies with state law with respect to the responsibilities of its Successor Agency.

- 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. Again, each JPA is a separate legal entity and the City does not have the responsibility nor the resources available to report on actions taken by every JPA of which it is a member.

If you have any questions about the above, please do not hesitate to contact me at (510) 724-8933.

Sincerely,



Michelle Fitzer
City Manager

Cc: Mayor and Council
Eric Casher, City Attorney
Rosa G. Acosta, City Clerk