

# Grand Jury Report

## RESPONSE FORM

**Grand Jury Report Title :** *RDA Successor Agencies from A-Z, Starting with the Letter U (Ukiah)*

**Report Dated :** *May 2, 2012*

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**Response Form Submitted By:**

Doug Crane, Chair                      doug.crane@craneofukiah.com  
Oversight Committee to the Successor Agency to the RDA  
City of Ukiah  
300 Seminary Avenue  
Ukiah, CA 95482

**Response MUST be submitted, per Penal Code §933.05, no later than:**  
August 28, 2012

***I have reviewed the report and submit my responses to the FINDINGS portion of the report as follows:***

- I (we) agree with the Findings numbered:  
1-8, 10-12, 15-24, 26-31, 34-37, 39, 41-42, 48-50, 52-54
- I (we) disagree wholly or partially with the Findings numbered below, and have **attached, as required**, a statement specifying any portion of the Finding that are disputed with an explanation of the reasons therefore.  
9, 13, 14, 25, 32, 33, 38, 40, 43-47, 51

***I have reviewed the report and submit my responses to the RECOMMENDATIONS portion of the report as follows:***

- The following Recommendation(s) have have been implemented and **attached, as required**, is a summary describing the implemented actions:  
1-9, 11, 12
- The following Recommendation(s) have not yet been implemented, but will be implemented in the future, **attached, as required** is a time frame for implementation:  
\_\_\_\_\_

The following Recommendation(s) require further analysis, and **attached as required**, is an explanation and the scope and parameters of the planned analysis, and a time frame for the matter to be prepared, discussed and approved by the officer and/or director of the agency or department being investigated or reviewed: (This time frame shall not exceed six (6) months from the date of publication of the Grand Jury Report)

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The following Recommendations will NOT be implemented because they are not warranted and/or are not deemed reasonable, **attached, as required** is an explanation therefore:

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*I have completed the above responses, and have attached, as required the following number of pages to this response form:*

Number of Pages attached:   3  

*I understand that responses to Grand Jury Reports are public records. They will be posted on the Grand Jury website: [www.co.mendocino.ca.us/grandjury](http://www.co.mendocino.ca.us/grandjury). The clerk of the responding agency is required to maintain a copy of the response.*

*I understand that I must submit this signed response form and any attachments as follows:*

**First Step:** E-mail (word documents or scanned pdf file format) to:

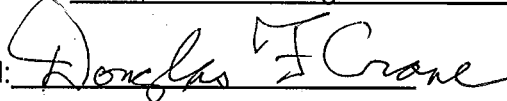
- The Grand Jury Foreperson at: [grandjury@co.mendocino.ca.us](mailto:grandjury@co.mendocino.ca.us)
- The Presiding Judge: [grandjury@mendocino.courts.ca.gov](mailto:grandjury@mendocino.courts.ca.gov)

**Second Step:** Mail all originals to:

Mendocino County Grand Jury  
P.O. Box 939  
Ukiah, CA 95482

Printed Name: Douglas F. Crane

Title: Board Chair, Ukiah Oversight Board

Signed:  Date: 08/08/2012

**Grand Jury Report Titled: *RDA Successor Agencies From A-Z, Starting With the Letter "U" (Ukiah)***

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**Finding 9:** Since the passage of AB 1484, there is now greater flexibility for refunding debt. Additional debt can be created and debt service can be accelerated. Such actions require review and approval from the Oversight Board and Department of Finance (DOF).

**Finding 13:** AB 1484 amended the procedures/requirements for property disposition. Upon satisfying a number of provisions in AB 1484, the Successor Agency can receive a "Finding of Completion" from the Department of Finance (DOF). Within six months of receiving the Finding, the Successor Agency can seek approval from the Oversight Board and DOF on a property management plan that would enable the Successor Agency and the Sponsoring Community to direct the use of specified properties and/or revenues generated from those properties for community development activities.

**Finding 14:** AB 1484 amended the procedures/requirements for property disposition. See comments to Finding 13.

**Finding 25:** The total cost for salaries/benefits for non-housing activities for Fiscal Year 2010-11 was approximately \$664,188. The \$808,288 cited in the Finding was the total revenue credited in the Fiscal Year 2010-11 Budget to the 960 Administration Fund.

**Finding 32:** As amended by AB 1484, the Successor Agency's administrative cost allowance can be less than the annual minimum amount of \$250,000. AB 1484 also excludes litigation costs related to assets or obligations, settlements and judgments, and predisposition carrying costs for property transferred to a Successor Agency. In addition, project-specific employee costs are excluded from a Successor Agency's administrative cost allowance. AB 1484 grants express authority to separately list enforceable obligations for such costs on the Recognized Obligation Payment Schedule (ROPS) for payment separate from the administrative cost allowance.

**Finding 33:** The ROPS was approved by the Oversight Board at the second meeting (April 11, 2011), not "certified."

**Finding 38:** The City Manager expressed her dissatisfaction with ABx1 26 and the dissolution process, not with the "Board's process" as suggested in the Finding.

**Finding 40:** Oversight Board members have the same immunities applicable to public entities and public employees (Section 34179(d)) when exercising the authority granted to the Oversight Board under the Dissolution Act and AB 1484. While the Oversight Board did not have their own legal counsel, City Staff did advise the Board of this Section in ABx1 26 at the initial meeting. At the direction of the Board, City Staff did follow up with supplemental information related to this topic at subsequent meetings.

**Finding 43:** ABx1 26 and AB 1484 limit the liability of the Successor Agency to the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it. However, the lack of clarity of the legislation could

result in legal action to resolve disputes. Furthermore, AB 1484 exposes the Dissolved RDA's Sponsoring Community and the County Auditor-Controller to penalties and other liabilities for actions and inactions pursuant to the legislation.

**Finding 44:** The website related to post redevelopment maintained by the League of California Cities is updated on a regular basis with new content and "key areas." The website is located at the following address: <http://www.cacities.org/redevelopment>.

**Finding 45:** The purpose of the Coalition for Jobs and Neighborhood Renewal was to support Senate Bill 659 which would have temporarily postponed the February 1, 2012 dissolution of redevelopment agencies. Given that dissolution has occurred, the Coalition appears to be inactive given the lack of updated information on the Coalition's website and stale purpose. The assertion in the Finding that the Coalition "complicated the picture even further" is an opinion of the author.

**Finding 46:** In part, a question is proposed by the author rather than a finding to which a response of agree or disagree cannot be applied.

**Finding 47:** Pursuant to ABx1 26 and as amended by AB 1484, the purpose of the agreed-upon procedures audit is "to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's pass-through payment obligations to other taxing entities, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency pursuant to the initial Recognized Obligation Payment Schedule. [Section 34182 (a) (2)]

**Finding 51:** Concern was expressed by some Oversight Board Members during the review of the initial Recognized Obligation Payment Schedule related to the timeline for approval and ambiguity related to the requirements of ABx1 26. The Oversight Board requested additional documentation related to each of the items listed on the initial ROPS. Staff complied with the request and provided the documents for review and consideration at a subsequent meeting.

**Recommendation 1:** City Staff has and will continue to implement the dissolution of the former Ukiah Redevelopment Agency pursuant to ABx1 and AB 1484. Implementation has and will continue to be conducted in consideration and/or in accordance with procedural guidelines issued from the Department of Finance and the State Controller's Office.

**Recommendation 2:** City Staff has and will continue to seek dissolution implementation guidance from the City Attorney, Oversight Board Counsel, League of California Cities, and various other sources. Note: the California Redevelopment Association has dissolved with the elimination of redevelopment.

**Recommendation 3:** City Staff has submitted a timeline of milestones and deadlines pursuant to ABx1 26 and AB 1484 to the Oversight Board and will continue to provide updates.

**Recommendation 4:** Pursuant to ABx1 26 and AB 1484, the County Auditor-Controller is required to be notified of various actions. City Staff has complied with the required

communications. In addition, the County Auditor-Controller has been added to the Oversight Board communication distribution lists.

**Recommendation 5:** City Staff will continue to present and provide information related to the dissolution process. Furthermore, City Staff will continue to respond to requests for clarification as necessary to assist the Oversight Board.

**Recommendation 6:** City Staff has and will continue to provide information related to ongoing enforceable obligations. Pursuant to AB 1484, the Successor Agency will submit a long-range property management plan within six months after receipt of a Finding of Completion from the Department of Finance.

**Recommendation 7:** A project/program code system has and will continue to be used to track Successor Agency staff hours.

**Recommendation 8:** Legal Counsel (Betsy Strauss) has been obtained for the Oversight Board.

**Recommendation 9:** The League of California Cities has and will continue to be used as a resource for information related to the dissolution process.

**Recommendation 10:** A separate meeting of all Taxing Entities is not warranted or prescribed by ABx1 26/AB 1484. Those entities that are most potentially impacted by the dissolution process have representation on the Oversight Board and/or have attended Oversight Board meetings. As an alternate measure, all related taxing entities will be added to the Oversight Board distribution list and will receive all Oversight Board agenda packets and communications. In addition, the Oversight Board and/or City Staff will respond to requests for additional information and/or concerns as requested.

**Recommendation 11:** The Oversight Board has and will continue to ensure that all relevant board business and information related to the dissolution process will be posted and available on a webpage dedicated to the Successor Agency/Oversight Board.

**Recommendation 12:** The purpose of the Coalition for Jobs and Neighborhood Renewal was to support Senate Bill 659 which would have temporarily postponed the February 1, 2012 dissolution of redevelopment agencies. Given that dissolution has occurred, the Coalition appears to be inactive given the lack of updated information on the Coalition's website and stale purpose. However, the Successor Agency and Oversight Board will continue to monitor the Coalition for any renewed activity.