

The People are the City



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March 3, 2011

Mr. Steven Mar
Chief, Local Government Audits Bureau
California State Controller's Office
Post Office Box 942850
Sacramento, California 94250-5874

SUBJECT: RESPONSE TO DRAFT REVIEW REPORT FOR EIGHTEEN SELECTED REDEVELOPMENT AGENCIES

Dear Mr. Mar:

Thank you for the opportunity to provide comments on the draft report of the State Controller's Office review of selected redevelopment agencies. The Redevelopment Agency of the City of Placentia (Agency) is appreciative of the Controller's efforts to provide relevant information regarding the Agency's compliance with administrative, financial and reporting requirements.

The Agency generally concurs with the observations stated in the report and agrees that these issues should be addressed by State policy makers in conjunction with the California Redevelopment Association, representing its member agencies. Absent defined criteria and consistent reporting, accurate information is difficult to ascertain and nearly impossible to issue an opinion as to how redevelopment agencies in general comply with State requirements.

With regard to Finding 5 – "All of the 18 RDAs reviewed had reporting deficiencies," it is important to understand why all 18, and presumably a majority of agencies statewide, were not in compliance with Health and Safety Code (H&S) Section 33080.5. That code section requires that a fiscal statement accompany, or be included with, the Annual Report that is presented to its legislative body.

The Agency provides an Annual Report to the Agency Board of Directors for their approval prior to December 31st of each year. The Annual Report contains specific information such as, the Statement of Indebtedness, Audited Financials, State Controller's Report and the Agency's fiscal year budget. The information required by H&S §33080.5 is covered by the Annual Report. As such, the Agency believes that it is meeting the intent of the H&S code and does not concur with the findings of the audit. Accordingly, we suggest a footnote to Schedule 3 that states the information is provided to the legislative body, but in a format not consistent with the H&S Code. Please note

that the Agency will adjust its Annual Report in the future to ensure that a separate and distinct "Fiscal Statement" is provided.

Pertaining to Schedule 4, *redevelopment agency salary compensation*, as it now reads, it appears that the full annual salary of the official listed is charged to the Agency. That is not the case. Additionally, two of the positions listed do not receive Agency funding and one that does is not listed. It should be noted the percentages of the salary that are charged to the Agency. The following table can be used to correct Schedule 4:

Job Title	Annual Salary	Comments
City Administrator	194,421	25% to RDA
Assistant City Administrator	162,617	50% to RDA
Director of Finance	153,093	25% to RDA
Development Services Manager	132,004	25% to RDA
Neighborhood Services Manager	80,416	25% to RDA

The Agency concurs with Observation 1 regarding inconsistent methodology for job data. However, it must be noted that it is not a requirement for agencies to keep job data. While the California Redevelopment Association commissioned a study using a set methodology, the Agency is not aware of any specific statute that requires such compilation and therefore does not employ any methodology nor maintains such data. We believe it is important to note within the observation that there is no requirement for agencies to calculate or maintain such job creation data.

Again, I want to thank you for your efforts in this review. If you have any questions, please feel free to contact me at (714) 993-8117.

Sincerely,



Troy L. Butzlaff, CMA-CM
Executive Director

C: Agency Board of Directors
Assistant City Administrator