



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: April 9, 2008 REPORT NO: RTC 08-050

ATTENTION: Council President and Members of the City Council
Docket of April 15, 2008

SUBJECT: Annual Reports of the Redevelopment Agency

REFERENCE: May 4, 2007 memorandum to the Redevelopment Agency Chair and Agency Members.

REQUESTED ACTION:

- 1.) Accept the Annual Reports of the Redevelopment Agency for fiscal years 2003 and 2004.
- 2.) Accept the Annual Financial Reports of the Redevelopment Agency for fiscal years 2003 and 2004. These reports are included as attachment to the respective Annual Reports referenced above.

STAFF RECOMMENDATION: Accept the reports.

SUMMARY:

California Redevelopment Law requires that redevelopment agencies present an Annual Report to its legislative body within six months of the end of each fiscal year. The Redevelopment Agency of the City of San Diego did not produce Annual Reports for recent years. This circumstance was reported to the Agency on May 4, 2007 and is attached as reference. The Agency recently initiated production of Annual Reports, the status of which is as follows:

Fiscal Years 2003 and 2004

The Agency Annual Reports for Fiscal Years 2003 and 2004 were distributed to the members of the City Council in hard-copy on December 31, 2007. These reports are accompanied by the corresponding Annual Financial Reports (audits) that were completed in 2007 (refer to Fiscal Year 2003 and 2004 Annual Reports - Attachment 3).

Fiscal Years 2005 and 2006

The Agency Annual Reports for Fiscal Years 2005 and 2006 are not available at this time. These reports will be produced within a reasonable time frame upon the issuance of the respective Annual Financial Reports (audits) and it is anticipated this will occur during 2008.

Fiscal Year 2007

The Agency Annual Report for Fiscal Year 2007 is not available at this time though a preliminary report was issued to the City Council on December 31, 2007. The finalized report will be prepared and issued within a reasonable time frame upon the completion of the fiscal year 2007 audit, anticipated for later this year.

Notice of Major Violations

In accordance with California Redevelopment Law in Section 33080.2(a), "When the agency presents the annual report to the legislative body pursuant to Section 33080.1, the agency shall

inform the legislative body of any major violations of this part based on the independent financial audit report. The agency shall inform the legislative body that the failure to correct a major violation of this part may result in filing of an action by the Attorney General pursuant to Section 33080.8.”

The Agency Annual Reports for Fiscal Years 2003 and 2004 include a listing of the findings as stated in the respective Annual Financial Reports (audits), and a response to each finding as to systems or processes that have been put in place or will be implemented to correct and address each finding. The audits are found as Attachment 3 in both the 2003 and 2004 Agency Annual Reports, and the findings and responses are on pages 86-91 of the Fiscal Year 2003 Audit and pages 90-96 of the Fiscal Year 2004 audit.

Under California Redevelopment Law, the City Council is obliged to review the Agency Annual Reports and may take action on the reports. The recommendation of staff is for the reports to be accepted by the City Council.

FISCAL CONSIDERATIONS: None

PREVIOUS COUNCIL and/or COMMITTEE ACTION: At the March 27, 2007 meeting of the Redevelopment Agency, the Agency directed staff to respond to a public comment as to why annual reports for the Agency were not produced in recent years. Staff provided a response to the Agency Board on May 4, 2007. The reports submitted on December 31, 2007 reflect the progress of Agency staff in addressing the issue of backlogged reports. Additionally, the Annual Financial Reports for fiscal years 2003 and 2004 were reviewed by the Audit Committee on September 10, 2007. The Committee voted 3-0 to forward the reports to the Agency with a recommendation to receive and file the reports.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: none

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The general public and investment community will have access to this information. The Agency is pleased to issue these reports and will continue to progress on the development and issuance of the remaining backlogged reports.

Respectfully Submitted,

Janice L. Weinrick
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Redevelopment Division

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Attachments:

1. Redevelopment Agency Annual Report - Fiscal Year 2003 (includes the Fiscal Year 2003 Annual Financial Report – Attachment 3)
2. Redevelopment Agency Annual Report - Fiscal Year 2004 (includes the Fiscal Year 2004 Annual Financial Report – Attachment 3)
3. May 4, 2007 Memorandum to the Redevelopment Agency on the subject of Agency Annual Reports