

**CITY COUNCIL OF THE CITY OF SONORA  
STAFF REPORT**

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**MEETING DATE:** DECEMBER 3, 2018

**TO:** CITY COUNCIL

**FROM:** DOUGLAS L. WHITE, CITY ATTORNEY

**SUBJECT:** RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONORA REQUESTING A MODIFICATION OF THE JOINT POWERS AGREEMENT OF THE TUOLUMNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND RELATED ACTION

**RECOMMENDATION:**

City of Sonora (“City”) staff recommends the Sonora City Council (“City Council”) adopt a Resolution requesting a modification of the Joint Powers Agreement of the Tuolumne County Economic Development Authority.

**BACKGROUND:**

The City is a member of the Tuolumne County Economic Development Authority (“TCEDA”), a joint powers authority intended as a partnership with Tuolumne County (“County”) to coordinate economic development efforts for the benefit of the City and County. The TCEDA is governed by a Joint Powers Agreement (“Agreement”), as amended, which sets out the respective requirements for the City and County in carrying out actions related to TCEDA.

**DISCUSSION:**

The TCEDA has been the focus of recent public attention including significant coverage in local news outlets, through public testimony at City Council and County Board of Supervisor meetings, and a recent Civil Grand Jury investigation and report. The Civil Grand Jury report identified several areas of concern related to TCEDA’s financial performance and management. Consequently, the TCEDA Board of Directors (“Board”) authorized financial and management audits to address several of the items identified in the Civil Grand Jury report. Completion of the financial audit is expected at the end of December 2018 and the management audit is scheduled for completion in January.

At the November 19, 2018, City Council meeting, City Council directed staff to move forward with evaluating various options related to the City’s continued participation in TCEDA including options predicated on the result of the outstanding audits and the potential recommendations that could result from the auditors’ investigation. In the event the City elects to withdraw its participation in TCEDA, it must provide at least 180 days’ notice, in early January 2019, to the TCEDA Board as required under section 8.02 of the Agreement. However, if the City waits until the audits are complete before making any decisions concerning TCEDA, it will be too late to provide the required notice for withdrawal.

Based on the short timeframe in which the City must make a decision, combined with the anticipated release date of the reports, City staff has prepared a Resolution requesting the County agree to a one-time modification to the Agreement to reduce the number of days required for withdrawal. The modification will require the City provide such notice to TCEDA at least 90 days in advance of the upcoming fiscal year to give the City sufficient time to fully evaluate its options and the audit reports. In order to protect the City's interests and avoid any inadvertent delays that could jeopardize the City's ability to withdraw, the Resolution also contains a provision that authorizes City staff to prepare and submit a timely notice of withdrawal in the event the County Board of Supervisors does not approve the request or is unable to make a decision before the end of the calendar year.

**Attachments:**

Resolution No. 12-03-2018-A

## RESOLUTION 12-03-2018-A

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### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONORA CALIFORNIA, REQUESTING A MODIFICATION OF THE JOINT POWERS AGREEMENT OF THE TUOLUMNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND RELATED ACTION**

**WHEREAS**, City of Sonora (“City”) and the County of Tuolumne (“County”) are parties to that certain document entitled “Joint Powers Agreement of Tuolumne County Economic Development Authority”, entered into September 15, 2008, and as amended on November 15, 2011, for the purpose of forming a Joint Powers Authority; and

**WHEREAS**, the purpose of the Tuolumne County Economic Development Authority (“TCEDA”) is to effectively implement, coordinate and administer general economic development programs within the County of Tuolumne, including the City; and

**WHEREAS**, the TCEDA Board of Directors (“Board”) has authorized financial and management audits to address several items of concern identified in a recent Civil Grand Jury report; and

**WHEREAS**, completion of a financial audit is expected at the end of December 2018 and a management audit is scheduled for completion in January 2019; and

**WHEREAS**, at the November 19, 2018, City Council meeting, the City Council directed staff to move forward with evaluating various options related to the City’s continued participation in TCEDA including options predicated on the result of the outstanding audits and the potential recommendations that could result from the auditors’ investigation; and

**WHEREAS**, in the event the City elects to withdraw its participation in TCEDA, it must provide at least 180 days’ notice, in early January 2019, to the TCEDA Board as required under Section 8.02 of the Agreement. However, if the City waits until the audits are complete before making any decisions concerning TCEDA, it will be too late to provide the required notice for withdrawal; and

**WHEREAS**, the City seeks to preserve its rights under the Agreement while it fully evaluates its continued participation in TCEDA; and

**WHEREAS**, based on the short timeframe in which the City must make a decision, combined with the anticipated release date of the reports, City seeks a modification to the Agreement with the County.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council for the City of Sonora requests the County agree to a one-time modification to the Agreement to reduce the number of days required for withdrawal. The modification will require the City provide such notice to TCEDA at least 90 days in advance of the upcoming fiscal year to give the City sufficient time to fully evaluate its options and the anticipated audit reports.

**BE IT FURTHER RESOLVED** that the City Council for the City of Sonora directs City staff to prepare and submit a timely notice of withdrawal to the County, pursuant to the terms set forth in Section 8.02 of the Agreement, in the event the County Board of Supervisors does not approve the request or is unable to make a decision before the end of the calendar year.

**PASSED AND ADOPTED** as a Resolution of the City Council of the City of Sonora at a regular meeting held on the 3rd day of December 2018, by the following vote:

**AYES:** \_\_\_\_\_

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**NOES:** \_\_\_\_\_

**ABSTAIN:** \_\_\_\_\_

**ABSENT:** \_\_\_\_\_

**Signed and Dated:**

\_\_\_\_\_  
James M. Garaventa  
Mayor of the City of Sonora

ATTEST:

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Marijane Cassinetto  
Sonora City Clerk

APPROVED AS TO FORM:

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Douglas L. White  
Sonora City Attorney