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The Authorities Budget Office Issues Report on the Utica Urban Renewal Agency

The Authorities Budget Office (ABO) released its report on the operating practices of the Utica Urban Renewal Agency (URA), a public authority responsible for eliminating and preventing the development and spread of blight in the City of Utica's urban renewal areas through the disposal and development of City tax-foreclosed properties.

The review found that the URA board is failing its fiduciary duty to ensure the URA operates efficiently and effectively. Despite each having signed an acknowledgement of their fiduciary duty, board members do not adequately oversee the URA's financial operations. As a result, during the 2013-14 and 2014-15 fiscal years the URA lost more than \$253,000 in revenues and spent more than \$28,000 for items and services that appear to be unrelated to the URA's mission but instead subsidized the cost of City operations. Board oversight is especially important because URA finances are managed by the City Comptroller's Office, which has been criticized for lack of adequate controls in recent audits of Utica's finances.

The review found the URA did not always collect the correct amount of developer fees for properties offered for sale, resulting in \$4,980 in lost revenue. These fees are collected and held in trust by the City until the properties are sold, at which time the fees are to be remitted to the URA. However, for the two years 2013-14 and 2014-15 the City failed to remit \$111,881 of developer fees to the URA for property that was sold. URA board members were unaware that the funds had not been remitted by the City and the URA's financial records did not reflect that the amount was owed by the City.

The review also found that the URA board appears to provide preferential treatment in awarding property sales to certain individuals and as a result forfeited more than \$137,000 in revenues. URA officials justified the property sales based on factors and criteria that are not made publically available to all potential bidders.

The review also found that the board does not ensure that its public board meeting minutes are accurate and transparent, and does not comply with other requirements of Public Authorities Law, including attending mandatory board member training.

The report includes recommendations to improve URA policies and procedures for establishing, reviewing and monitoring appropriate financial controls as well as establishing procedures and criteria for approving property sales.

A copy of the full report is available at www.abo.ny.gov.