
**Authority Budget Office
Review Report
Rome Urban Renewal Agency
September 22, 2009**



The Authority Budget Office (ABO) is authorized by Section 27 of Chapter 766 of the Laws of 2005 (The Public Authorities Accountability Act) to review and analyze the operations, practices and reports of public authorities, and to assess compliance with various provisions of Public Authorities Law and other relevant State statutes. This includes rendering conclusions and opinions regarding the performance of public authorities and to assist these authorities improve management practices and the procedures by which their activities and financial practices are disclosed to the public.

The Authority Budget Office (ABO) is conducting compliance reviews of public authorities that have not filed required reports with the State for 2007 and 2008. The Rome Urban Renewal Agency (URA) was chosen for this review because it has not filed its Budget, Annual, Audit, Procurement, or Investment Reports.

The purpose of this review was to determine why the URA is delinquent with its reports. We also reviewed its structure and operations to determine whether the URA acts in other ways to promote accountability and transparency in the absence of filing its reports.

Background of Agency

The URA was authorized pursuant to Title 34, Article 15-B of General Municipal Law. The URA board is comprised of the mayor and four members appointed by the mayor. However the URA's by-laws restrict the membership of the board to the Mayor, the President of the Common Council, the City Treasurer and two members appointed by the mayor. Although established as a public benefit corporation, the URA operates much like a department of City government, with City employees performing its administrative work. However URA operations are not included in the City's annual audit. The URA has an interest bearing checking account with a balance of more than \$119,000 and no other obligations. The URA does not administer any grants, loans or programs.

The URA was created to develop and oversee the City's urban renewal efforts in 1968. These efforts resulted in the demolition and reconstruction of part of the City's downtown into an enclosed shopping area. However, this concept never fully materialized. In the 1990's, the City adopted a new plan to revitalize the downtown area and it issued bonds to fund the reconstruction of a more traditional downtown business district. The URA now owns 19 parcels, including the old City

Hall and other undeveloped lots that were to be part of this downtown redevelopment. Although the outstanding debt is the obligation of the City, the URA contributes \$25,000 annually to the City for debt service payments.

Failure to Submit Reports

We met with the City Director of Community and Economic Development and the City Treasurer. City officials stated that they were unaware of the requirements for the URA under the Act. However, the ABO had previously notified the City Director of Community and Economic Development, as the URA representative, that the URA was subject to the Public Authorities Accountability Act, continued to provide regular notice that the URA was required to file statutorily required report on its finances, property transactions, procurement practices and investments, and notified the URA that these reports were delinquent. As of our review, City officials recognize the need for the URA to comply with the Act and its reporting requirements. Officials stated that they plan to meet in September to discuss the organization of the URA; specifically the future of the URA, requirements of the Act and the URA's current property ownership status. However, the ABO received no assurance that the Rome URA would be taking any action soon to rectify its delinquent status and file any of its 2008 reports.

Accountability and Transparency Actions

We found that the URA lacks accountability and transparency. The URA does not adopt a budget and does not have an independent audit of its financial operations. We also noted that URA board meetings lack some transparency. For example, the board entered executive session during its December 2008 and February 2009 meetings to discuss the potential purchase and development of a URA property. According to City officials, the executive session was used to keep the identity of the developer confidential. However this is not an appropriate use for executive session under Public Officers Law. City officials requested and were provided guidance as to the proper use of executive sessions by public bodies.

The URA is not actively marketing its 19 properties as available for development or other use. The URA does not have an active marketing plan for its properties, and although the URA does not maintain its own web site, it could use the City's web site or other public documents for this purpose. City officials indicated that the City uses the URA to convey property to specific individuals or organizations, since it is not required to follow competitive public bidding requirements. However, as a public benefit corporation, the URA is required to follow Section 2897 of Public Authorities Law, which provides that the Agency is to sell its property for fair market value, and shall be made after publicly advertising for bids, with some specific exceptions.

Given the limited operations and use of the URA, we believe that the City should evaluate whether the URA is needed, and consider requesting special legislation to dissolve the URA. If the City intends to preserve the URA, the URA Board has an obligation to conduct its business consistent with reporting and other statutory requirements of the Act and other State laws. Following our review, City officials indicated that they will be re-evaluating the URA as a necessary public entity.