
**Authority Budget Office
Review Report
Schenectady Urban Renewal Agency
August 26, 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 a series of compliance reviews of public authorities that have not filed required reports with the State for 2007 and 2008. The Schenectady 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 created in 1968 pursuant to Article 15-B, Title 100, Section 668 of General Municipal Law. The URA Board is comprised of the Mayor and the seven members of the Schenectady City Council. Although established as a public benefit corporation, the URA operates much like a department of City government, with City employees performing any necessary administrative work. The most recent Board meeting was held in February 2008 and the Board has only met five times in the last five years. It appears that Board meetings are convened only to discuss a possible property transaction on which the Board must act, or to release liens on properties not owned by the URA. The URA currently holds title to 30 real property parcels, and has an interest bearing checking account with a balance of more than \$20,000. There has been no activity in this account for several years. City officials indicate that the URA has liens on over 100 properties, but they do not actively track this information. The URA has no outstanding debt or other obligations. It does not administer any grants, loans or programs.

Failure to Submit Reports

We met with the City Director of Planning and Economic Development and the Assistant Corporation Counsel. They indicated that the URA did not file reports because the City considered the URA to be inactive. Although the City had considered the URA to be inactive, they had taken no action to officially dissolve the URA or to transfer property titles or its bank account to the City. Moreover, the URA continued to have the power to conclude property transactions and expend funds. However, City officials indicated that the City plans to re-activate the URA in order to accomplish neighborhood urban renewal projects that cannot be handled by other existing municipal entities. It appears, therefore, that the URA remains a legally active agency and, as such, is to comply with statutory reporting requirements. The ABO has received no assurance that the Schenectady URA would be taking any action soon to rectify its delinquent status and file any of its 2008 reports. Although City officials responded that the reports for the URA would be submitted by the end of August, as of this report the URA had not begun to enroll in PARIS to enter information.

Accountability and Transparency Actions

Although the URA Board is comprised of the Mayor and members of the City Council, when it meets it does so as the URA board. Notices of a meeting are provided to the public. However, we found limited documentation to support that the potential property transactions are open and transparent. For example, property transactions generally occur when an individual or organization approaches the URA with an offer. City officials indicated that when an offer is received, the City will contact adjacent property owners to solicit interest in the property; however we found no indication that this was done. Further, these procedures result in private negotiations with individuals, not a public advertising for bids, as required by the Act. In addition, we found no evidence that the URA takes a proactive position in an attempt to market its properties. For example, the City's website has a link for City owned property available for sale. However, the URA only lists the property that it owns, without an indication that this property is available for sale. City officials attribute the URA's lack of marketing and competitive solicitation to the fact that most of the properties owned by the URA are undesirable, and have minimal value.

At the time of our review, the URA did not have a web site on which it could post information on available properties, board meeting minutes, or other operational information, but did create a web site as a result of our review. It has now posted its by-laws, Board members, Board meeting minutes, and maps and a listing of its properties. However, the URA does not adopt a budget and does not have an independent audit of its financial operations. We also found that three of the eight Board members have attended required training on public authority board governance. These members attended board governance training as a result of their positions on boards of other public authorities.

If the City intends to preserve the URA as an active economic development resource, the Mayor and City Council have an obligation to conduct URA business consistent with reporting and other statutory requirements of the Act.