



Memorandum

TO: RULES COMMITTEE

FROM: Councilmember
Donald Rocha

SUBJECT: INCUBATOR PROGRAM

DATE: August 16, 2011

Approved

Date

8/16/11

RECOMMENDATION

Add to the City Auditors Work Plan the Incubator Program audit as requested by Councilmember Liccardo under the section "Projects Considered But Not Recommended At This Time." It is further recommend that the Rules Committee reconsider the status (and scope) of the proposed audit for the City Auditors work plan after the State of California legislature and the State Supreme Court have further clarified through legislation or findings the future of the Redevelopment Agency and its funding capabilities.

ANALYSIS

It is my opinion that the proposed audit is premature and not an effective use of current City staff, time, and resources. The future of the Redevelopment Agency, which likely includes its funding obligations, priorities and abilities, is scheduled to be decided by the State Supreme Court on January 15, 2012. There is also pending legislation in the California State Legislature that would affect the future of Redevelopment in the State of California and its operations under either its termination or continuance. These circumstances are outside the control of the City of San Jose that would make the investment of staff time and public funds imprudent at this point given the fact so much is yet unknown.

Should the Agency continue to operate after the State and court matters have run their course, the Agency Board will need to establish future funding priorities. I believe it would be more valuable to make decisions about whether or not to commit City Auditor resources at that time, when we know whether funding will be available for the Agency to continue supporting the incubator program. I have concerns about bumping other audit priorities to look at a program that we will likely not have funding to participate in if the Agency is eliminated a few months from now.