
Authorities Budget Office
Follow Up Review of Staffing Practices
Syracuse Urban Renewal Agency
October 16, 2012



The Authorities Budget Office (ABO) is authorized by Title 2 of the Public Authorities Law to review and analyze the operations, practices and reports of public authorities, to assess compliance with various provisions of Public Authorities Law and other relevant State statutes, and to make recommendations concerning the reformation and structure of public authorities. This includes rendering conclusions and opinions regarding the performance of public authorities and assisting these authorities improve management practices and the procedures by which their activities and financial practices are disclosed to the public.

This report is a follow up to the ABO's review of the Syracuse Urban Renewal Agency (URA) issued on September 23, 2009. That review found that URA employees were performing work for the City of Syracuse in apparent contradiction of a legal opinion issued in 1978 by the Office of the State Comptroller (78-294-A). This opinion held that employees of an urban renewal agency may not be utilized to perform work for municipal departments, even if the services are reimbursed by the municipality. That review recommended the practice be terminated and that the City re-assess the continued need for its urban renewal agency.

Background

The Syracuse Urban Renewal Agency (URA) was authorized by Article 15-B, Title 1, of General Municipal Law to promote the undertaking, financing and completion of urban renewal programs in the City of Syracuse. As a public benefit corporation the URA is a governmental agency separate and distinct from the City. Pursuant to the provisions of General Municipal Law, the URA has the independent authority to appoint employees, prescribe their duties, and fix their compensation.

By statute, the URA Board is comprised of the Mayor, the President of the Common Council and the City's Commissioner of Finance. Given its board composition, the URA essentially operates as an extension of city government and is treated as a component unit of the City for financial purposes. The City's Commissioner of Neighborhood and Business Development is the Secretary of the Board and responsible for URA administration. In addition, the City's Corporation Counsel acts as legal counsel to the URA.

As of July 11, 2012, the URA had 103 employees on its payroll. All payroll, fringe benefits and insurance costs are paid in the first instance by the URA and reimbursed by the City either through the City's general fund or federal grant funds. Annual salaries and compensation averaged over \$5 million for 2010 and 2011.

The Onondaga County Department of Civil Service provides the City of Syracuse with human resource management services, including personnel recruiting, administering civil service examinations, maintaining eligibility lists, classifying positions, and reviewing and approving appointments to City positions. As an independent public benefit corporation, the URA is not subject to civil service requirements or personnel controls nor is it a beneficiary of the Department's services.

URA Personnel Practices

It has been a long-standing practice, pre-dating the current Administration, for the URA to hire individuals who actually work for city government, rather than for the URA. This practice enables the City to circumvent civil service rules, report fewer city workers than are actually working for city departments, and opens the possibility that federal grant funds could be used inappropriately to offset the cost of city operations. Our current review confirmed that this practice continues to be followed.

General Municipal Law stipulates that URAs have the authority to appoint officers, agents and employees, and fix their compensation and duties. URAs are also allowed to use municipal employees and facilities, with the consent of the municipality, for URA purposes and to reimburse the municipality for those costs. In interpreting this statutory language, the Office of the State Comptroller Opinion 78-294 states that a URA may delegate supervision of its employees to a municipality pursuant to a contract, but it cannot delegate the power to appoint or discharge URA employees to that municipality. Furthermore, in Opinion 78-294-A, the State Comptroller opined that employees of a URA may not be utilized to perform work for municipal departments, even if those services are payable out of the general fund of the municipality or federal or state grants.

Public Authorities Law imposes on public authority directors the same fiduciary duty of loyalty to the institution, diligence and care that is required of directors on private boards. This obligation requires board members who are also government officials, to separate the operations of the government they represent, from the operations of the URA. Our review found that the URA board has historically not met its fiduciary duty to act in the best interest of the URA and has used the URA primarily to advance the hiring and personnel interests of the City.

URA Employees Do Not Perform URA Work

Our prior review found that the URA had 120 employees who were routinely working for the City of Syracuse. As the following table illustrates, this practice continues. Today, the URA's 103 employees do not work exclusively for the URA but instead work in city departments. For example, approximately 22 percent of these employees work for the City's Department of Neighborhood and Business Development on various City initiatives for community and economic development, including some urban renewal projects. However, we found no indication that any of these 23 employees are assigned exclusively to URA programs.

Departments	Number of URA Employees
Codes	38
Neighborhood and Business Development	23
Law	8
Planning and Sustainability	6
Finance	5
Mayor's Office	5
Parks and Recreation	5
Management and Budget	3
Water	3
Parking	2
Public Works	2
Personnel	1
Research	1
Parks Grounds Maintenance	1

We reviewed the job descriptions for 26 URA employees and only found one that referenced the URA; the job descriptions for the other 25 employees were specific to the duties and programs of city departments. We were denied by the Mayor's Office the opportunity to interview each employee to ascertain their specific job functions. This presents a scope limitation for the review, given that we were unable to obtain direct confirmation of employees' actual duties. Instead, we discussed the duties of the 26 employees with the Mayor's Office. We found that only two employees do any work on behalf of the URA and those assignments are in conjunction with the employees' regular duties and responsibilities for other city programs, while 24 of the employees work exclusively for the City.

URA officials responded that 75 employees are dedicated to fulfilling the Urban Renewal Plan, but explained to us that these employees contribute to fulfilling the Plan and also contribute to other City functions. They acknowledge that none of the 75 employees work exclusively on URA programs. This includes all the URA employees assigned to the City's Department of Neighborhood and Business Development, the Division of Code Enforcement, Corporation Counsel's office and the Bureau of Planning and Sustainability.

URA officials also acknowledge that the remaining 28 URA employees are not directly involved in executing the Urban Renewal Plan. They stated that these positions are considered temporary in nature and used to fill an immediate or unique need. The City expects to transition these positions into either a civil service or management confidential position within City government over time, as opportunities arise. However, we believe that a gradual transition is inappropriate. Since the URA's current practice contradicts the State Comptroller's legal opinion, we believe that a specific plan should be established with targeted dates to complete the transition. URA officials believe removing all 28 employees from the URA payroll at the same time would create a disruption in city services. We discussed the transition process with the County's Civil Service Administration which indicated that

the URA and the City must submit the job duties for these employees to the County Civil Service Administration to be reviewed and classified under a comparable existing title. If there is no comparable existing title, a new title or exam will be created. Although this process may take time, we believe that it is important for the URA and the City to commit to begin the transition immediately and put forth a comprehensive transition plan with specific benchmarks and implementation dates.

City's Use of URA Appointments

We found that it is a routine practice of the City to use the URA to fill positions in city departments outside the normal civil service process. A department head will work with the Department of Management and Budget to establish a title, grade and salary based on the duties, qualifications and work experience of the desired candidate. Once that is completed, the request is sent to the Mayor's Office for approval. Only after the transaction is approved by the Mayor's Office does it go to the URA board for authorization.

The Mayor's Chief of Staff acknowledged that the City uses the URA as a means to hire preferred employees for a variety of reasons. The City's rationale for doing so is that the current civil service title series does not accommodate certain positions that the City would like to fill; that the civil service process is too slow to allow the City to fill positions as quickly as needed; and that using the URA gives the City flexibility to hire individuals with specific skill sets and experience who could not otherwise be appointed from a civil service list.

For example, the City hired the Press Secretary for the Mayor's Office who was placed on the URA payroll. City officials indicated that this was a timing issue and there was no civil service title available for this type of position; therefore to expedite the appointment the URA payroll was used. This individual ultimately left the position. The current incumbent was appointed in accordance with civil service process and is not on the URA payroll. This would appear to contradict the City's justification for needing the URA to hire necessary employees in a timely manner. Other positions that have been created by the Mayor's Office and assigned to the URA payroll include the Minority Compliance Officer, Scheduling Coordinator, and Director of Constituent Services.

Further as indicated we noted that almost all paralegals in the City's Department of Law are on the URA payroll. We questioned this practice and were informed by the Mayor's Chief of Staff that the City prefers to fill the position with a secretary employed by a city department rather than appoint a candidate from an existing civil service list. The City promotes these employees to paralegals by "hiring" them onto the URA payroll.

We also found that the URA hires retired city employees to perform consulting or part time work for the City. For example, an early retirement incentive package was provided to various City employees at the end of 2010. We found that six employees who took the incentive were subsequently hired by the URA at \$30,000

salaries. Some were brought back to consult on budget and personnel issues. Other retirees were hired back in part-time positions such as the Director of the Parking Tribunal in the Finance Department and the Sewers and Streams Advisor in the Water Department.

In defense of this practice, the Chief of Staff stated it is intended that over time individuals hired through the URA will be transferred to the City payroll and required to follow civil service rules, such as taking an examination, in order to secure permanent status. As indicated above, however, to date there is little evidence that either the URA or the City has a formal transition plan in place or made a pro-active and concerted effort to work with Onondaga County to address these concerns or curtail hiring through the URA.

Board's Abdication of Duty

We reviewed the personnel files of 26 employees to determine the board's role in personnel decisions. We found that the URA is not involved in these decisions. Rather, the City of Syracuse is managing the process. We found that the job application forms completed by all 26 employees were City of Syracuse applications for hire, and that letters of appointment were sent to the employees from city departments and not from the URA. In addition, we reviewed the URA's 98 personnel transactions that were processed from 2010 through July 2012, and confirmed that the URA board essentially abdicated its authority over personnel decisions to the City. These transactions consist of creating new positions, eliminating positions, hiring new employees, granting salary increases, changing employee titles, and approving transfers from the City payroll to the URA. We found that the URA board has minimal involvement, if any, in these transactions. Instead, City officials are making these decisions and the board is providing its pro-forma approval often months after the personnel transaction has been completed.

For example, we found that the URA board does not authorize personnel transactions on a timely basis and that it is usually done well after the individual has started working for the City or left the position. Of the 98 personnel transactions, 70 were approved during three board meetings in 2010. Although the board met nine times during 2011, it did not approve any of the 25 personnel transactions that occurred during this time. We determined that, on average, the URA board did not authorize personnel changes until 120 days after the change had taken effect. A URA board member, who is also the City's Commissioner of Finance, told us that the approval of personnel transactions has not been a priority. In fact, we discovered that a URA employee was appointed to the position of Deputy Commissioner of Neighborhood and Business Development on January 11, 2010; however there is no documentation showing that this appointment was authorized by the board.

Whatever URA approvals do occur serve no useful control purpose since the board members, acting in their capacity as City officials, have long before approved the hiring or other personnel change. Since these are URA employees, the URA – and

not the City – is responsible for appointing individuals to positions and determining their duties and compensation, consistent with the mission and purpose of the URA. These transactions should be initiated by the URA and not be effective until approved by the board.

These examples show that URA board members, who also serve as City officials, place the interests of the City before the interests, purpose and statutory obligations of the Authority. The abdication of responsibility to City officials on URA personnel matters, as well as the board's tolerance of the City's use of the URA for purposes beyond which it was created, demonstrates a disregard of the board's fiduciary duty to the Authority in accordance with Section 2824 of Public Authorities Law. Although unavoidable in this situation because of the URA's enabling statute, this also points out the potential conflict of interest that is inherent when public officials serve as directors of independent public authorities.

URA officials disagree with this viewpoint and indicate that they are careful not to conduct URA business outside of formal URA meetings in compliance with State open meetings law. However, this response does not address the fact that City officials are making personnel decisions for the URA, and that the URA board is failing to adequately oversee and manage this process. These personnel decisions are being made for the benefit of the City, and not in the best interest of the URA.

URA officials indicated that they intend to adopt a policy that allows the Chair to hire interim employees, subject to the authorization of the Treasurer. This policy will provide that interim positions may last for a period of up to six months without the approval of the Board, and upon approval by the Board, such appointments would be permanent. Any discharge of employees will be at the discretion of the Chair. We believe that such a policy would be ineffective and inappropriate, and does not address the issues identified in this report. Interim appointments of up to six months seem unnecessary since the board met eight times in 2011 and six times in the first six months of 2012. Further, requiring the Treasurer of the Board to authorize a transaction made by the Chair is inappropriate, since the Commissioner of Finance, who acts as the URA Treasurer, is an appointee of the Mayor and serves at the pleasure of the Mayor, who acts as the URA Chair. Thus, any independent control or oversight anticipated through the Treasurer's authorization could be negated.

URA Activity

Our prior review of the URA found that its urban renewal activities were limited to holding various parcels of vacant land in the City and acting as a pass-through entity for grants and loans. At that time, the URA was not actively marketing its property for disposition. Given the limited nature of its activities, we questioned whether the continued existence of the URA was necessary.

Our follow up review again found that the URA holds various vacant parcels and residential properties, and is used as a pass-through for grant funds. However, it has

increased its marketing of these properties for disposition through its web site. In addition, in December 2010 the City Council approved a new Urban Renewal Plan to be administered by the URA. This plan describes the URA's role in acquiring vacant and abandoned property within the designated urban renewal area to eliminate blight and redevelop underutilized parcels. The plan calls for the URA to assemble, hold and transfer properties to partners of the City expected to undertake major revitalization projects, including housing projects and low-income housing tax credit projects.

In March 2012, the City of Syracuse and Onondaga County signed an agreement establishing a land bank corporation, known as the Greater Syracuse Property Development Corporation (GSPDC). This independent, nonprofit corporation was created to facilitate the redevelopment and reuse of vacant, abandoned, underutilized, and tax delinquent properties and to return those properties to productive use. According to the City's Annual CDBG Action Plan, the land banking can assist housing partners who submit Low Income Housing Tax Credit proposals to New York State or other applications that require site control of properties prior to application.

The GSPDC has the ability to acquire tax delinquent, tax foreclosed, vacant and abandoned property. It can also acquire property from the City on terms agreed to by the parties and acquire property from other property owners consistent with an approved redevelopment plan. The GSPDC has the authority to set the terms and conditions for the sale or transfer of property in its possession. This can include the terms and conditions related to the future use and upkeep of the property to be transferred.

Since the GSPDC appears to have the same purposes and goals as the URA, we question the continued need for the URA. URA officials stated that although the GSPDC has been created, they believe that the URA is still necessary. They indicated that the GSPDC has county-wide jurisdiction, while the URA is focused on a specific urban renewal area within the City of Syracuse, and that the URA and the GSPDC will complement each other. However, as indicated, the land bank and the URA have similar powers and purposes, and as such represent duplicative entities. We believe that the reduction of such duplicative and redundant entities is important to ensure that taxpayers receive adequate and necessary services in the most effective and efficient manner. Since the GSPDC has county-wide jurisdiction, its jurisdiction includes urban renewal areas within the City. The land bank can assume the role of the URA and reduce this redundancy. Further, the current practice of the City is to acquire properties and then transfer the properties to the URA. This practice could continue with the properties being conveyed to the GSPDC.

Use of Community Development Block Grant Funds

Annually, the City of Syracuse receives federal funding from the U.S. Department of Housing and Urban Development (HUD) through a Community Development Block

Grant (CDBG). The City administers and manages these funds in accordance with its Five-Year Strategic Plan and subsequent Annual Action Plans. The City may use up to 20 percent of its CDBG funds, including any program income received, to cover administrative costs. Eligible administrative costs include the general management, oversight and coordination of community development programs.

URA employees who work in the Department of Neighborhood and Business Development are primarily supported through CDBG administration funding, as well as URA employees in the Law Department and Bureau of Planning and Sustainability. These employees work on CDBG-eligible activities as well as performing planning functions related to the block grant. As of July 2012, the salaries for 19 of the URA's 103 employees are designated by the City to be reimbursed by CDBG funds. The City maintains its CDBG funds in an account that also includes various other funds such as federal and State grants, and community development loan payments. We found that the funds advanced from this account to the URA cover the bi-weekly payroll costs for other URA staff beyond those 19 employees. In practice, the City calculates the URA's payroll costs each pay period to determine whether the URA has the funds to meet these costs. If additional funds are needed, the City issues a check from the account to the URA so the URA can meet its payroll for all 103 employees. If the monies exceed the actual costs of those employees designated to be reimbursed by CDBG funds, those monies are not reimbursed to the account. We found that in 2010-2011, the total cost of the 19 employees designated as reimbursable from CDBG funds was approximately \$1.3 million, while the total amount of monies transferred to the URA was approximately \$1.8 million. As a result, \$548,752 was paid for some or all of the salaries of employees who do not administer CDBG programs. As of June 2012 the URA had a positive balance of more than \$500,000 in its account from cash advances from the account.

URA officials indicated that URA's payroll account was initially funded with \$200,000 from the City's General Fund. As a result, they state that it is City funds that are used to "front" the money used to make payroll on a monthly basis. URA officials stated that the City does not draw down CDBG funds in advance. Only after payments are made can the CDBG funds be used to reimburse the payments. Therefore the URA's payroll account is only replenished with CDBG funds after documentation to request for reimbursement has been made to HUD showing the CDBG eligible administrative costs. However, as indicated, the cost of the 19 employees was approximately \$1.3 million, while \$1.8 million was transferred from the account that includes various co-mingled grant funds, including CDBG funds. The URA could not explain this positive fund balance or whether the funds that comprise this balance can be used to meet URA payroll costs.

The City is self-insured and is responsible for the costs incurred for any employee injured on the job on a claim by claim basis. The URA however, is not self insured and purchases a worker's compensation insurance policy to cover its employees. The premium is directly paid from federal CDBG funds. We are concerned whether

this is an appropriate use of CDBG funds, since only 19 employees are doing work directly related to the administration of the CDBG funds, while all 103 employees are covered by the policy. Further, we found that the cost of the policy is higher since it covers employees who staff the departments of Parks and Recreation, Public Works and Code Enforcement – offices with functions that typically lead to more workers compensation claims.

URA officials indicated that while it may appear that the CDBG funds are being used to purchase worker's compensation coverage for the entire payroll, they believe that the cost of administering the CDBG program exceeds the cost of the premiums for the 19 URA employees. They indicated they believe the additional costs incurred by the City in administering the CDBG program is about the same as the costs of the premiums for the remaining URA employees, so that the net effect is a "wash". However, URA officials stated that the City intends to quantify the administration costs it currently provides and bill the CDBG program for that service. We question whether these practices are appropriate and are referring the matter to the Department of Housing and Urban Development for further review.

Conclusions and Recommendations

Syracuse URA board members have had a difficult time, historically, separating their independent role as directors from their positions as officers of the City of Syracuse. The long-standing practice of the City managing URA personnel decisions contributes to conflicts between their dual public responsibilities that have not been properly addressed. This needs to change. This is further demonstrated in the URA's response to this report, with consistent statements that reflect the views of the City, rather than focus on the URA's actions as a separate and distinct entity.

We believe that the continued existence of the URA, as it currently functions, no longer serves a necessary public purpose. Based on our review, the URA has limited lead responsibilities for urban renewal and redevelopment projects. Its employees are hired to work in city departments and assigned tasks by the City unrelated to the work of the URA. This practice is inconsistent with the intent of General Municipal Law and contrary to opinions issued by the State Comptroller's Office. In addition, the URA appears to misuse various grant funds to underwrite the personnel and insurance costs of its employees who are not directly administering such programs. The termination of the URA is all the more appropriate given that the City of Syracuse and Onondaga County have formed the Greater Syracuse Property Development Corporation. This new corporation has many of the same goals and powers that the URA currently has, making the existence of both entities redundant and unnecessary.

We recommend that the URA board, in conjunction with the City Council, take action to dissolve the URA and work with the Onondaga County Department of Civil Service to immediately begin to transition URA employees onto the City's payroll through a timely, orderly and transparent process. In addition, the URA and the City should terminate the practice of using grant funds to support employees that are not directly administering such programs.

URA Personnel Practices

URA Employees Do Not Perform URA Work:

The report by the Authorities Budget Office (ABO) states that there has been a long-standing practice of the Syracuse URA (SURA) hiring individuals who actually work for the City. It also notes that the number of URA employees has decreased during the current administration from 120 to 103. It is SURA's position that 75 URA employeesⁱ are in fact charged with fulfilling the goals and objectives of the current adopted Urban Renewal Planⁱⁱ. The remaining 28 URA employees that are located in other City departments, SURA acknowledges are not directly involved in the fulfillment of this Plan, the vast majority of which were hired on by previous administrations. It is the stated position of this administration and SURA to focus on transitioning these 28 employees off of the URA payroll through attrition as opportunities present themselves to do so. The City believes and SURA concurs that transitioning all 28 employees en masse would create a disruption in city service provision.

City's Use of URA Appointments:

As stated above, SURA feels that the 75 URA employees in the Departments of NBD and Law as well as the Bureau of Planning and Sustainability are in fact charged with fulfilling the goals and objectives of the City's Urban Renewal Plan. And while the vast majority of the remaining 28 employees were hired under previous administrations, SURA has hired some personnel under the current administration that are not directly related to fulfilling the Plan. These hires are looked at as temporary in nature to fulfill an immediate or unique need with the aim of transitioning that position into either a civil service or management confidential position.

Board's Abdication of Duty:

The composition of the Syracuse URA is dictated by state law and specifically states that the Mayor serve as the Chair, the Commissioner of Finance serve as the Treasurer and the Commissioner of Community Development (now NBD) serve as Secretary. This is cited in the report as a potential conflict of interest but what is not noted is that it is an unavoidable one due to conflicting state law to which the Syracuse URA is held. While the board members of SURA are deemed "independent members", the ABO infers that members are acting in their capacity as city officials and not URA Board members. The SURA Board disagrees with that viewpoint and is careful not to conduct URA business outside of formal URA meetings in compliance with state open meetings law.

The Syracuse URA feels it has demonstrated to the ABO a strict process for changes to the URA payroll in that, minimally the Chair of the URA (or her designee) and the Secretary of the URA sign off on all changes in URA payroll. In cases where the changes in URA payroll involve employees within the Department of Neighborhood and Business Development (NBD), the URA's Treasurer also signs off on payroll changes as well. Once these individuals sign off on any changes in URA payroll (approval by the City's Commissioner of Budget is also required for reimbursement to occur), it is understood that changes can be made to the payroll on a provisional basis subject to the approval of the entire URA board.

Going forward, SURA will memorialize by resolution a policy for the hiring and discharging of employees. The Chair will be given the power to hire interim employees subject to the authorization of the Treasurer. All interim positions may last for a period of up to six months without the approval of the Board. Upon approval of the full Board, such position(s) shall become permanent. Discharge of employees (other than officers) shall be at the discretion of the Chair.

Reporting:

If directed by the ABO, the Syracuse URA will report all of its employees to the Public Authorities Reporting Information System (PARIS). The previous policy of not reporting these employees was based on the unique relationship between the URA and the City. For example, while the individuals on the payroll are reported as URA employees to the State Retirement System and the URA has its own federal employer identification number separate from the City, the City includes URA employees under its current and retired medical benefits.

Note 1

URA Activity

The Syracuse URA continues to be needed as a tool to address the blight or threat of blight in the Greater Syracuse Urban Renewal Area and any other area later determined to be appropriate for urban renewal. The fact that a local land bank has been incorporated is immaterial to the necessity of the URA. It is the view of both SURA and the City that the Syracuse URA and the land bank will complement each other in their purpose and mission. The land bank has county-wide jurisdiction while the URA is focused exclusively within the renewal area. Incentivizing targeted investment to URA-owned properties is a crucial component to revitalizing distressed areas.

Furthermore, the different boards will have different opinions as to the priority of the projects. The land bank and SURA have different statutory powers that complement each other in the elimination of blight. The land bank and SURA also have different funding sources and different and distinct avenues for funding, ultimately allowing for more funding to be applied to distressed properties and neighborhoods.

Use of Community Development Block Grant Funds

The City and the Syracuse URA take strong issue with the way in which the use of CDBG funds was characterized in the ABO report. The confusion lies in the fact that an account called the "CDBG account" is used to advance payroll for all URA employees. However, this account starts with a balance of roughly \$200,000 from the City's General Fund, and is used "front" the money used to make payroll on a monthly basis. It is important to note that the City does not draw down CDBG funds in advance. The CDBG account is replenished with CDBG funds only after documentation is made to HUD that only those eligible to receive CDBG administrative funds require reimbursement. In the same fashion, the \$200,000 in General Fund money is also transferred to the URA's payroll account to reimburse URA personnel that do not receive CDBG funds.

Note 2

SURA employees working in the Department of NBD personnel are the main recipients of CDBG administration funding but so too are some SURA employees under the direction of the Law Department that work on CDBG-eligible activities (real estate closings, housing court, etc.) as well as some SURA employees under the direction of the Bureau of Planning and Sustainability that are performing planning functions related to the block grant. The employees' salaries being reimbursed by CDBG funds are explicitly identified to HUD each year through its Consolidated Plan and Action Plan. In no way are CDBG funds used to advance funds on personnel costs for any employees or are they paying salaries of employees that are not performing CDBG-eligible work.

While it may appear that CDBG funds are used to purchase the worker's compensation coverage for the entire URA payroll, it is in both the City's and SURA's view that the entire cost of administering this program is more than the totality of the premiums for the URA employees. The City provides for these administration costs in-kind on behalf of the URA employees covered. The City estimates that the administration costs are commensurate with the aggregate premium costs of the 28 non-CDBG related employees and thus the exchange for the non-CDBG related employees and the in-kind services that the

City provides is a wash. As a corrective action, however, to the ABO's concern and to avoid confusion on this matter going forward, the City intends to quantify the administration costs it currently performs on an in-kind basis on behalf of all the CDBG-related URA employees (75 people currently) and bill the CDBG program for that service.

Conclusions and Recommendations

The Syracuse URA appreciates the ABO's review of the Agency and while it does not agree with all of the ABO's findings, several actions will be discussed in future board meeting as recommended corrective actions to several of the concerns made in the ABO's report:

- SURA Board members will work more diligently to document their decisions as those in their capacity as board members and those in their capacity as City officials. As such, going forward, appointment letters for new SURA employees shall come from the Chair of the Agency and all changes in URA payroll will be memorialized by SURA resolution in a timelier manner.
- The use of CDBG funds in URA payroll will be clarified and more apparently segregated so as to more clearly demonstrate that CDBG funds are used for only allowed reimbursable activities. Insurance costs going forward will be separated and more accurately show that CDBG funds are being used for other previously unbilled but reimbursable expenses.
- SURA will continue to gradually transition its employees who do not directly perform URA services to City civil service positions. Employees who continue to perform URA functions in any capacity shall remain on the URA payroll.

The Syracuse URA does not agree with the ABO's recommendations to dissolve SURA citing that it no longer serves a public purpose. This was also the recommendation of the ABO's 2009 report. The 2009 report also made recommendations on how to improve the Syracuse URA which seemingly contradicts its recommendation to dissolve the URA. Since the 2009 ABO report, the current administration focused on the ABO's recommendations for improvement rather than dissolution. These improvements include:

- Regular URA meetings are held on a monthly basis open to the public with appropriately advance legal notice given to area news outlets and materials such as the agenda and minutes and attachments made readily available provided on the City's website in advance of the meetings;
- A new urban renewal plan that was introduced and adopted by the Common Council and signed into law by the Mayor that lays out a strategy to address the slum and blighted conditions that plague the City's most distressed neighborhoods;
- The URA's "legacy" inventory of properties left over from previous urban renewal plans have been marketed; most of which has been sold/conveyed strictly following public authority guidelines for property disposition;
- New block plans have been adopted by the URA that allowed the Agency to acquire eight properties on one block to allow private investors to bid on their redevelopment simultaneously;

- The URA has and will continue to assemble land for the City's housing partners in anticipation for New York State tax credit awards to go toward their redevelopment including a 30-unit vacant, crime ridden apartment complex that will be the focus of a City-supported tax credit application in the Fall of 2012;
- Overall payroll is down 14 percent.

It is the view of the current members of SURA that this administration chose to renew the spirit and intent for which the Agency was incorporated in the first place; that as a tool for neighborhood revitalization and a vehicle to incentivize private investment in the areas that most need it as outlined in its most recent URA Plan. The public has in fact benefited from the Syracuse URA under this administration and will continue to expand the breadth of these benefits if allowed to move forward on its mission to redefine 'urban renewal' in the modern era.

ⁱ Sixty-one (61) URA employees are situated in the Department of Neighborhood and Business Development (NBD) which includes the Division of Code Enforcement; eight (8) URA employees within the Corporation Counsel's office and the six (6) URA employees in the Bureau of Planning and Sustainability total 75 URA employees dedicated to the fulfillment of the City's most recently adopted URA Plan.

ⁱⁱ The Syracuse Urban Renewal Plan adopted in 2010 is attached with this submission.

Authorities Budget Office Comments

Note 1 The matters discussed in this portion of the URA's response have been removed from the final report.

Note 2 The report has been revised to better reflect the URA's position on this issue.