



Monroe County Legislature

TED O'BRIEN
LEGISLATOR - DISTRICT 17

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July 9, 2007

To the Honorable
Monroe County Legislature
407 County Office Building
39 West Main Street
Rochester, New York 14614

Re: Legislative Oversight of Local Development Corporations

Honorable Legislators:

The County Administration has significantly increased its reliance on Local Development Corporations (LDCs), which are private not-for-profit entities, shrouding governmental functions from public oversight and accountability. The use of LDCs not only removes government business from legislative scrutiny, but also from 'good government' protections such as the Open Meetings Law, the Freedom of Information Law, and competitive bidding requirements. Such laws and regulations were put in place to protect the public interest and to guarantee government accountability and efficiency. When government business is removed from public purview and this Honorable Body, democracy suffers and the potential for serious abuse increases.

The following LDCs are among those established by past and present Monroe County Administrations: Monroe Newpower Corporation, Main and Clinton Local Development Corporation, Upstate Telecommunications Corporation, Monroe Tobacco Asset Securitization Corporation, Greater Rochester Outdoor Sports Facility Corporation, Civic Center Monroe County Local Development Corporation, Monroe Community Sports Centre Corporation, Monroe County Sports Development Corporation, Monroe County Industrial Development Corporation, Monroe County Development Corporation and Community Capital of Monroe County, Inc.

Upstate Telecommunications Corporation, which owns and operates the County's telephone and computer systems and will soon provide all of its copiers, has borrowed over \$32 million, incurred losses of \$1,032,370 in 2006 and has incurred cumulative losses of \$18,584,606 as of Dec. 31, 2006. Main and Clinton Local Development Corporation has been created to construct Renaissance Square, the biggest capital project in the County's history and has spent \$8,049,207 as of May 31, 2007 -- without any



legislative debate or approval of the project. The Greater Rochester Outdoor Sports Facility Corporation is the current lease holder and operator of Frontier Field, and owes the County over \$16 million in delinquent rent payments.

Of the three above-mentioned LDCs, the over \$32 million of incurred debt, over \$8 million in spending, and \$16 million in lost revenue for Monroe County have occurred with little or no legislative oversight and accountability.

In order to reverse this trend of unaccountability and rein in LDCs, we propose that this Honorable Body enact a local law amending the Monroe County Charter to include a new provision, entitled "Legislative Oversight of Local Development Corporations." Adoption of this proposal will introduce public accountability into a wide range of County activities that been removed from legislative oversight in recent years.

The Public Authorities Accountability Act adopted by the State Legislature in 2005 required LDCs to begin submitting annual budgets and financial statements to the Legislature but the Legislature still exercises no oversight over or influence on the actions of these entities.

All of the oversight functions which are incorporated in the proposed local law already exist for some of the County's related entities. For example, the Legislature has members on the Airport Authority, approves appointments to the Airport and Water Authorities, approves the budget of the Cultural District Commission and approves all borrowings by the Airport and Water Authorities. These are not new or novel ideas. However, this proposal updates and broadens County Law, strengthening standards for a set of operating entities that did not exist when the Charter and Administrative Code were written.

The specific legislative actions required are:

1. Schedule and hold a public hearing on the proposed local law.
2. Enact local law amending the Monroe County Charter, as attached.

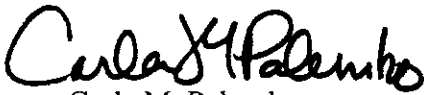
This proposed local law will have no impact on the revenues and/or expenditures of the 2007 Monroe County Budget.


We recommend that this matter be referred to the appropriate committee(s) for favorable action by Your Honorable Body.


Respectfully Submitted,





Ted O'Brien
Legislator – District 17



Carla M. Palumbo
Democratic Leader



C. Stephen Eckel
Legislator – District 26



Calvin Lee, Jr.
Assistant Democratic Leader

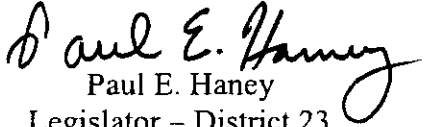

Harry B. Bronson
Assistant Democratic Leader



Travis R. Heider
Legislator – District 14

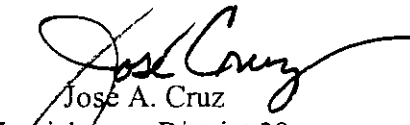

Stephanie Polowe Aldersley
Legislator – District 16


Carrie M. Andrews
Legislator – District 21


Glenn J. Gamble
Legislator – District 22


Paul E. Haney
Legislator – District 23


Willie J. Lightfoot
Legislator – District 27


Jose A. Cruz
Legislator – District 29

By Legislators _____ and _____

Intro. No. _____

LOCAL LAW NO. _____ OF 2007

A LOCAL LAW ENTITLED " AMENDING MONROE COUNTY ADMINISTRATIVE CODE AND CHARTER RELATING TO LEGISLATIVE OVERSIGHT OF LOCAL DEVELOPMENT CORPORATIONS."

BE IT ENACTED BY THE LEGISLATURE OF THE COUNTY OF MONROE, as follows:

Section 1. Section §C2-6(C)(15) is added to the Monroe County Charter:

§ C2-6(C)(15) Legislative Oversight of Local Development Corporations

The Monroe County Legislature will exercise the following oversight functions over all local development corporations, which are hereby defined as a "Local Authority," as defined in the Public Authorities Accountability Act of 2005 (Chapter 766 of the laws of 2005) (see Act§2; PAL§2(2)), established in Monroe County, New York:

a. To confirm the appointments of all members to the boards of directors of local development corporations established in Monroe County, New York

b. To hold two positions on the boards of directors of all local development corporations established in Monroe County, New York. One such position shall be filled by a nominee of the majority leader of the Legislature and the other shall be filled by a nominee of the minority leader of the Legislature.

c. To approve the annual budgets of all local development corporations established in Monroe County, New York prior to the start of their fiscal years.

d. To authorize the issuance of all and any long term debt or other long term financing mechanisms of all local development corporations established in Monroe County, New York.

e. To require that semiannual financial reports and annual audited financial statements of all local development corporations established in Monroe County, New York be submitted to and filed with the Clerk of the Legislature. The annual audit reports shall be filed within 181 days of the end of the LDC's fiscal year.

f. To require that all local development corporations shall be subject to the Public Authorities Accountability Act of 2005, the Freedom of Information Law, the Open Meetings Law and competitive bidding statutes as adopted and periodically amended by the State Legislature since they constitute a "local authority" performing a public function.

File No. 07-0 _____ .LL

ADOPTION: Date: _____ Vote: _____

ACTION BY THE COUNTY EXECUTIVE

APPROVED: _____ VETOED: _____

SIGNATURE: _____ DATE: _____

EFFECTIVE DATE OF LOCAL LAW: _____

Added Language is underlined
Deleted Language is ~~stricken~~